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empirical study

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## ABSTRACT

The aim of this research was to explore empirically how firms create and implement strategic decisions (SD's). The research was inspired by the need to understand further organizational process underpinning SD's phenomenon and potentially contribute to the overall performance of firms.

Previous research on SD's has been focusing on the formal strategic planning approaches, which have been criticized for their highly prescriptive views of SD's, separating creation from implementation, and focusing on the content and discrete elements rather than the holistic process. Despite all these studies, our understanding of the actual nature of the SD phenomenon from creation to implementation remains incomplete. Motivated by the need to look empirically and holistically at this very complex social phenomenon, this research problematizes the above aspects of SD's literature and positions this research within a wider social and descriptive process based approach.

The research employed qualitative and Analytic Induction (AI) methodologies, and addressed the above need in three projects. The objective of each project has evolved and lead to the emergence of the final findings, which suggest a possible answer to the overall research aim. The Scoping Study proposed a theoretical framework of successful SD's implementation factors. Project 1 went further and investigated these factors empirically. Project 2 developed empirically the process of how people actually create and implement SD's. In Project 3, this process was analysed through the theoretical lens of the sensemaking perspective and was applied by practitioners through an empirically tested diagnostic tool.

This research has made a step towards a better understanding of SD's in practice and contributed to the academic knowledge by proposing a different, yet viable descriptive process, which can improve the overall quality of the SD's, and potentially lead to better performance.

**Keywords:** Strategy implementation, sensemaking perspective, analytic induction, diagnostic tool

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I dedicate this work to the late my father and to my mother for being the source of my aspirations and the true meaning of my life.

## **DISSEMINATION**

The findings of this research (the material up to chapter 5) were published in the proceedings of the Performance Management Association (PMA) 2014 conference. A presentation on the findings was also delivered in the conference.

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## LIST OF ABBREVIATIONS

AI	Analytic Induction
CSE	Core Self-Evaluation
CU	Cranfield University
DBA	Doctor of Business Administration
EPC	Engineer, Procure, Construct
GCC	Gulf Cooperation Council
GT	Grounded Theory
JV	Joint Venture
KSA	Kingdome of Saudi Arabia
LD	Linking Document
MCS	Management Control Systems
MOC	Managerial and Organizational Cognition
P1	Project 1
P2	Project 2
P3	Project 3
PM	Performance Management
PMA	Performance Management Association
S-C-P	structure–conduct– performance
SD	Strategic Decision
SDCI	Strategic Decisions Creation-Implementation
SI	Strategy Implementation
SM	Strategic Management
SS	Scoping Study

# **1 CHAPTER 1 – Linking Document (LD)**

## **1.1 Introduction**

There is no doubt that the world of practice realizes the importance and role of strategic decisions (SD's) in organizations. The world of academia also has considered SD's as a central phenomenon in strategic management (SM) literature. Mintzberg et al (1998, p. 18, as adapted from Chaffee, 1985, pp. 89-90) reported that "Strategic decisions . . . are considered important enough to affect the overall welfare of the organization." Nutt and Wilson (2010, p. 3, as reported in March and Simon, 1958) also noted that "managing organizations and decision making are virtually synonymous." Moreover, Eisenhardt (1999) noted that "strategic decision making is the fundamental dynamic capability in excellent firms."

If SD's are that important to organizations as it is alluded to above, studying them also constitutes an important endeavour for both practitioners and academics. In spite of this argued importance and the apparent research progress that has been made in this area so far, researchers widely recognize that research on SD's is still limited and far from complete (e.g. Eisenhardt and Zbaracki, 1992; Nutt and Wilson, 2010, p. 10; Papadakis et al, 1998).

In connection to this, Nutt and Wilson (2010, p. 25) also reported that "Decision-making research has become 'de-humanized' over the past few decades. We know more about the characterization of decision processes, such as fast/slow, continuous/nonlinear, comprehensive/simple, and the like, than we do about the behaviours of individuals carrying out the decision-making process. To explain what people do and how they behave during decision making poses a significant challenge."

The above status prompts for further research to be done in this area, taking a more comprehensive and integrated view of this very complex social phenomenon. Along that line, this research was motivated to explore and investigate comprehensively and empirically how SD's come to existence in

practice in the first place by looking at the roots of the phenomenon from its creation to implementation.

About expressing the views on and writing about the related literature, Golden-Biddle and Locke (2007) have done their research on writing about academic writing and proposed a four-move “storyline” approach to compose qualitative research. The “moves” are (p. 27): articulate study significance, situate study in literature, problematize literature to make space for study to contribute, and foreshadow how the present study addresses problematization. These moves have inspired the writing and development of this linking document. This thesis consists of six chapters: **Chapter 1** is for the Linking Document (LD) and **Chapters 2 to 6** cover the Scoping Study and Projects 1 to 3 respectively.

The role of the LD is to provide a high level overview of the research covering the following: situating this research in literature, problematizing the literature, addressing the problem, overall methodology and data, overall results, and contributions. It also outlines the road map of the rest of the thesis. Each of these chapters is detailed with its own literature review, methodology and data, findings, and discussions.

The LD is covered in remaining of this chapter. **Section 1.2** next consists of three **sub-sections**: **1.2.1** provides a broad overview of SM field, **1.2.2** reviews and problematizes SD’s literature, and **1.2.3** summarizes the problematization. The rest of the LD will follow.

## **1.2 Situating the study in literature with problematization**

This section discusses the extant literature creating room for this research and its contributions. The approach in this section is to problematize literature while situating the study in it. These could have been separated, but I chose to keep a close connection between literature review and problematization for easier reference and logical development of the final argument.

In general, this study is situated in the SD’s literature within the wider SM field. In particular, this study is situated within the process based, social, emergent,

descriptive, and integrated views of strategy or SD's as opposed to the content based, economic, highly deliberate, and prescriptive views that have dominated literature in the past few decades and generally separated between formulation and implementation of strategy or SD's.

Literature on strategy and SD's within its wider SM body of knowledge is really enormous and intriguing. The focus on SD's and strategy has been on the creation or formulation part with a relatively lesser emphasis on the implementation or integrating creation with implementation. In this regard, SD's literature can be generally described as 'inadequate' because extant literature does not "sufficiently incorporate different perspectives and alternative views" (Golden-Biddle and Locke (2007, p. 39).

For the note, literature review in this LD was done to augment and support the final argument and findings of the research. SS and P1 to 3 also have their own literature reviews as presented in their corresponding chapters (2 to 6 respectively).

The final research question and objective actually have been developed over an emergent process over the whole research life span, from the scoping study to projects 1 to 3. Project 1 resulted in the identification of successful strategy implementation factors or enablers. This result was actually about 'what' happens in practice as opposed to 'how' it happens. So Project 2 was carried out to investigate the process by which SD's are actually created and implemented. SD's creation-implementation (SDCI) process was developed in Project 2. Project 3 attempted to give the process some explanatory power by looking at it through a theoretical lens. The SDCI process contained elements that suggest lending themselves to sensemaking perspective such as interaction, attention, memory, experience, thinking, and action. Furthermore, these elements are part of the managerial and organizational cognition (MOC) domain, which is the broader social school of thought to which sensemaking perspective and this research belongs. The process was then analysed through the lens of the sensemaking perspective in an attempt to explain 'why' the firms' SDCI processes took this particular shape. The findings have therefore

benefited from being discussed and understood through the sensemaking perspective. This analysis has suggested that the SDCI process might be thought of as an instance of a sensemaking process in the context of SD's, making the related accumulated sensemaking knowledge arguably relevant for explaining and improving SD's. Finally, Project 3 also took the SDCI process and applied it in practice. The result was a diagnostic tool consisting of a checklist of questions that can be used to improve practitioners' understanding of organizational processes underpinning SD's, which may in turn improve the quality of SD's and potentially improve the overall performance. This process is explained in more detail in **Chapter 4**.

The next **sub-section 1.2.1** provides a broad overview of SM field. The **sub-section 1.2.2** after that focusses on SD's literature from the 1960 to date and problematizes it.

The last **sub-section 1.2.3** summarizes literature problematization.

### **1.2.1 Strategic Management (SM)**

SM research can be traced back to the 1960s, which was developed into a more complex and nuanced discipline in the 1990s onward (Furrer and Goussevskaia, 2008; Mintzberg et al, 1998, p. 352).

Like other disciplines, SM literature has gone through several development stages over the past decades into a rigorous research. For example, according to Furrer and Goussevskaia (2008, as reported in Rumelt et al. , 1994), the "prehistory" of SM as an academic field lies in studies of economic organization and bureaucracy" that focused on linking the "study of organization with economic ideas" (e.g. Barnard,1938; Taylor, 1947; Simon, 1947).

Following Rumelt et al's (1994) categorization of SM research's periods, Furrer and Goussevskaia (2008) reported that the 1960s witnessed the 'birth' of SM (e.g. Chandler, 1962; Ansoff, 1965). The authors added that the research followed a contingent perspective that allows firms to adapt to the external environment. However, it was normative prescription, based on in-depth cases in a single firm or industry.

On the other hand, 1970's witnessed research developments that spanned a new direction labelled as 'process' descriptive approach, exemplified by 'logical incrementalism' of Quinn (1980a) and 'emergent strategy' of Mintzberg and Waters (1978, 1985). These streams of studies also used case studies and focused on strategy and strategic decisions (Furrer and Goussevskaia, 2008). The 'process' here as noted by Furrer and Goussevskaia (2008) "consisted essentially of descriptive studies of how strategies were formed and implemented. This research based on the observation of actual organizational decision-making led to more realistic conceptions of process, in which strategies were arrived at indirectly and, to some degree, unintentionally"

The authors added that the same period also witnessed a totally different approach that focused on the relationship between strategy and performance. These studies (e.g. Porter, 1979; 1980; 1981; 1985) employed large scale, mathematical models to address the generalizability issue challenged by the previous studies that employed case study strategies.

In the next decade (1980s), new studies shifted the focus from the organization's external environment or industry into its internal structures, capabilities, and resources. For example, 'agency theory' (e.g. Fama 1980; Jensen and Meckling 1976); 'transaction costs economics' (e.g. Williamson 1975, 1985); and 'resource-based theory'. Resource-based theory, as noted by Furrer and Goussevskaia (2008), "includes the resource-based view of the firm (Wernerfelt 1984), dynamic capabilities (Stuart and Podolny 1996; Teece et al. 1997), and a knowledge based approach (Grant 1996; Powell and Dent-Micallef 1997; Spender 1996; Szulanski 1996)." Important resource-based theory developments were done by Barney (1991) and Grant (1991).

Even though SM research dates back to the 1960's as noted above, the last 3 decades have witnessed an increasing interest in the study of strategy implementation (SI), performance management (PM), and management control systems (MCS) (e.g. Otley, 1999; Simons, 1995; Hrebiniak, 2005; Ferreira and Otley, 2009). Some even view business performance concepts at the core of SM (Venkatraman and Ramanujam, 1986).

Additionally, SM has entered into the world of psychology and social psychology by looking at cognition, mental functions, reasoning, and various social aspects. For example, Sparrow (1999) argued that SM has changed through the 1990's to highlight and address a number of psychological issues such as emotions and motives. Other scholars such as Cassell and Daniels (1998) highlighted the important role that psychology plays in strategic management in the way it enables managers to understand the analysis, debates, and pursued actions in this "messy, uncertain, unpredictable world of global business". The authors, however, mentioned that the impact of psychological aspects such as developing intuitive skills, creativity, and emotional intelligence is still debatable. Sensemaking perspective (e.g. Weick, 1995) also found an interesting home for it in organizational theory and SM field.

SM as a field has been looking for answers for some standing questions (Mintzberg et al, 1998, pp. 360-366) such as "How complex should a good strategy be? ... How tightly integrated should a good strategy be? ... How unique or novel should a good strategy be? ... How deliberate or emergent should an effective strategy-Formation process be: how predetermined, how cerebral, how centralized? ... Who is the strategist? How do we read the "organization's mind?" ... How do strategists reconcile the conflicting forces for change and for stability? What is the pattern or pace of change? And where do new strategies come from? ... the question is not whether there exists strategic choice out there, but how much. ... how much strategic thinking do we want anyway?"

This overview of SM literature reflects the extent to which this field has been developing over the last few decades. SM, a field which intends to help organizations manage their works successfully and improve their performance, is indeed a complex field. Studying all its constructs, themes, and the questions at once in a single research is an impractical, If not an impossible, goal.

This research, however, was motivated by the need as a practitioner to understand how SD's are actually created and implemented in practice as SD's can be a key factor in affecting the overall performance and welfare of



organizations and firms. Therefore, the focus in this research was on SD's, which are also relevant for scholars due to the central role of the SD concept in SM research.

In connection to this, Schwenk (1989, p. 182) argued that "strategic change occurs as a result of multiple individual strategic decisions" or SD's, which are the focus of this research.

The next **sub-section 1.2.2** discusses SD's, which are the subject matter of this research within their wider strategy and SM field.

### **1.2.2 Strategy and SD's**

SM field accommodated the study of two concepts or phenomena: strategy and SD's. Initially, it might seem to the reviewer that these two phenomena are unrelated. Review of key SM literature reveals, however, that actually this is not the case. In fact, they are like two faces of one coin! Talking about one means or implies talking about the other. Mintzberg (1978) put it clearly that while strategy leads to SD's (when the strategy is ahead like in the strategic planning and positioning perspectives), a pattern of decisions or SD's may highlight or outline a strategy (when SD's come first like in emergent strategy perspective).

Additionally, Eisenhardt and Zbaracki (1992, p.17) noted that "Central to strategic process issues is strategic decision making. It is crucial because it involves those fundamental decisions which shape the course of a firm." Papadakis et al (1998, p.3) added that "Strategic decision-making has emerged as one of the most active areas of current management research ... our knowledge of strategic decision-making processes is limited and is mostly based on normative or descriptive studies and on assumptions most of which remain untested".

This conclusion was also reached by Mintzberg et al (1976, p. 246) by stating that this normative literature on the techniques of strategic decision making such as planning "have made little real difference in the decisional behaviour of organizations ... These techniques have been unable to cope with the

complexity of the processes found at the strategy level, about which little is known.”

Even though strategy and SD's are intertwined, conducting an empirical study on 'strategy' itself as a concept in general does not seem to be an easy endeavour due to its complexity and the heated debate about its nature and manifestation in real life. I have observed that firms do not always have a clearly defined statement or artefact or document called 'strategy' that can be studied or analysed. In fact, the nature of strategy is highly debatable and has multiple meanings (e.g. Hfsi and Thomas, 2005; Mintzberg and Lampel, 1999, as cited in Mirabeau and Maguire, 2014) and is “blurred empirically” (Mirabeau and Maguire, 2014, p. 1203).

Furthermore, my main interest as noted above was about SD's for their importance in practice and academic research. Therefore, the decision in this research was to focus on a more specific and tangible phenomenon, which is SD's. This helped in scoping and conducting a meaningful research that can contribute to knowledge and practice.

It is worth noting here that SM literature has addressed the aspects of strategy or SD's formation and implementation. Nevertheless, formation and implementation have followed generally separate paths (Martin, 2010), leading to having a view on strategy that is far from real life practices. This separation has also been criticized by Martin (2015), who noted that “Managers (and many academics) distinguish between these choices, calling those made by senior managers “strategy” and those made lower down the pecking order “execution.”...In the real world, there is no meaningful distinction between strategy and execution.”

Generally, literature review revealed that a lot of conversations have been going on for decades about strategy and SD's. These conversations have adopted a lot of approaches, views, and directions such as deliberate versus emergent strategies or SD's, content versus process, economic or analytical versus social, and separation of formulation and implementation versus integrating them. Also, some studies have paid attention to the external environment and

context and some other studies have focused on the internal structures, resources, and capabilities. Some studies have looked at the phenomenon as linear, ordered, normative procedures while others looked at it as an iterative process. Furthermore, research was done on for profit firms, public organization, or a mix of these. Moreover, some studies have looked into a single strategy or SD within an industry and some others studied multiple SD's.

Consequently, and according to the objective and design of the studies, different methodologies were deployed such as quantitative, mathematical methods; qualitative, case study strategies; or mixed. The intent in this paragraph was not to enumerate an exhaustive list of all the research directions, approaches, perspectives, or methodologies. The aim was just to reflect the depth and breadth that the research in this field has gained to date.

#### **1.2.2.1 Defining Strategic Decisions**

It is worth noting here before going further that several definitions of SD's have been provided in the related SD's literature. For example, Thompson (2000, as reported in Chandler, 1962, p. 98) noted that SD's are "ones that involve a commitment of a large amount of organizational resources for the fulfilment of organizational goals and purposes through appropriate means." Along the point of commitment, Mintzberg et al (1976, p. 246) in a paper that studied twenty five strategic decision processes, defined a "*decision* as a specific commitment to action (usually a commitment of resources) ... and *strategic* simply means important, in terms of the actions taken, the resources committed, or the precedents set." In another article, Mintzberg (1978, p. 934) defined 'strategic' decisions as "significant" decisions. Also, Nutt and Wilson (2010, p. 3) highlighted the point of the importance of SD's to organization by stating, "The term *strategic* decision making is often used to indicate important or key decisions made in organizations of all types."

Shirley (1982, p. 264-265) elaborated further on SD's by noting that for decisions to be labelled as strategic, as opposed to operational or administrative, they should not only be important to the success of the organization, but also relate the organization to the external environment, target

the entire organization, consider inputs from all functional areas, and affect [directions and constraints] the entire organization's administrative and operational activities.

Furthermore, Papadakis et al (1998, p. 116) noted that SD's "are among the main means through which management choice is actually effected." Engstrom (2004, p. 2) specified and defined these SD's as "investment decisions that last for more than one year".

The following sub sections review in more detail some key contributions in the existing research on SD's and highlight areas of problems, after which the literature will be summarized and the definition of SD's adopted in this thesis will be presented.

#### **1.2.2.2 Contents and prescriptions**

The below paragraphs provide examples and references to the above studies while problematizing the literature to situate my research within this highly diverse and complex field and body of knowledge.

Some conversations addressed the content of the strategy or SD's, adopted a formal view, and prescribed ways to manage the organization strategically through planning and generic positioning (e.g. Chandler, 1962; Learned et al, 1965; Ansoff, 1965; Goold and Campbell 1987; Porter 80 and 85). In these views, strategies and SD's are made deliberately. These studies assume that the organization is very large or highly structured, and operating in a very stable, predictable, or may be in a very competitive environment (Mintzberg et al, 1998, pp. 354-359). The central players are usually the top executives, strategists, or planners who plan for the rest of the organization.

Also, Nutt and Wilson (2010, p. 6) noted that that strategic decision making in the 1950s and 1960s "emphasized a planning approach to decision making ... The 1970s onwards saw a different emphasis. Decisions began to emphasize the pay-offs to organizations should different strategic directions (options) be pursued." These options include diversification, innovation, acquisition, joint venture, and internationalization. Some related proposed models (Mintzberg et

al, 1998, pp. 26-50) representing these views are depicted in **Figure 1** and **Figure 2**.

The model depicted in **Figure 1**, which the authors labelled as 'basic design model', seems to be linear, sees choices or SD's as an outcome of a highly ordered rational procedure, and links SD's to implementation without having feedback links. Implementation of SD's is not elaborated or shown how it is related to SD's formation or creation.

**Figure 2** depicts a strategic planning model that adds feedback links everywhere. Also, it adds the performance review step. However, it is still highly deliberate, formulaic, and focusses on the analysis and content of the strategic plans. These plans lead to decisions in the form of strategies, goals, sub goals, operational objectives and procedures. It does not show also how implementation is done and linked to formation or creation.

The above views that have been dominating SM field for decades have a common thread between them: they call for deep analysis or thinking first, deliberation of strategy and SD's, focus on the content of strategy, prescription, and separation between formation or thinking and implementation or actions.

The reality in practice is usually or often much more complex than that. Considering the highly complex strategy or SD's phenomenon, this normative literature is problematized by the need to have a different view point or perspective on strategy and SD's in terms of considering their actual processes as they occur in practice and considering the intertwined nature of both creation or thinking and implementation or action. In relation to that, Nutt and Wilson (2010, p. 7) argued that "Decision making is a blend of individual interactions and the organizational context over time and is not necessarily a step by step or a logical sequence", or necessarily a formal plan."

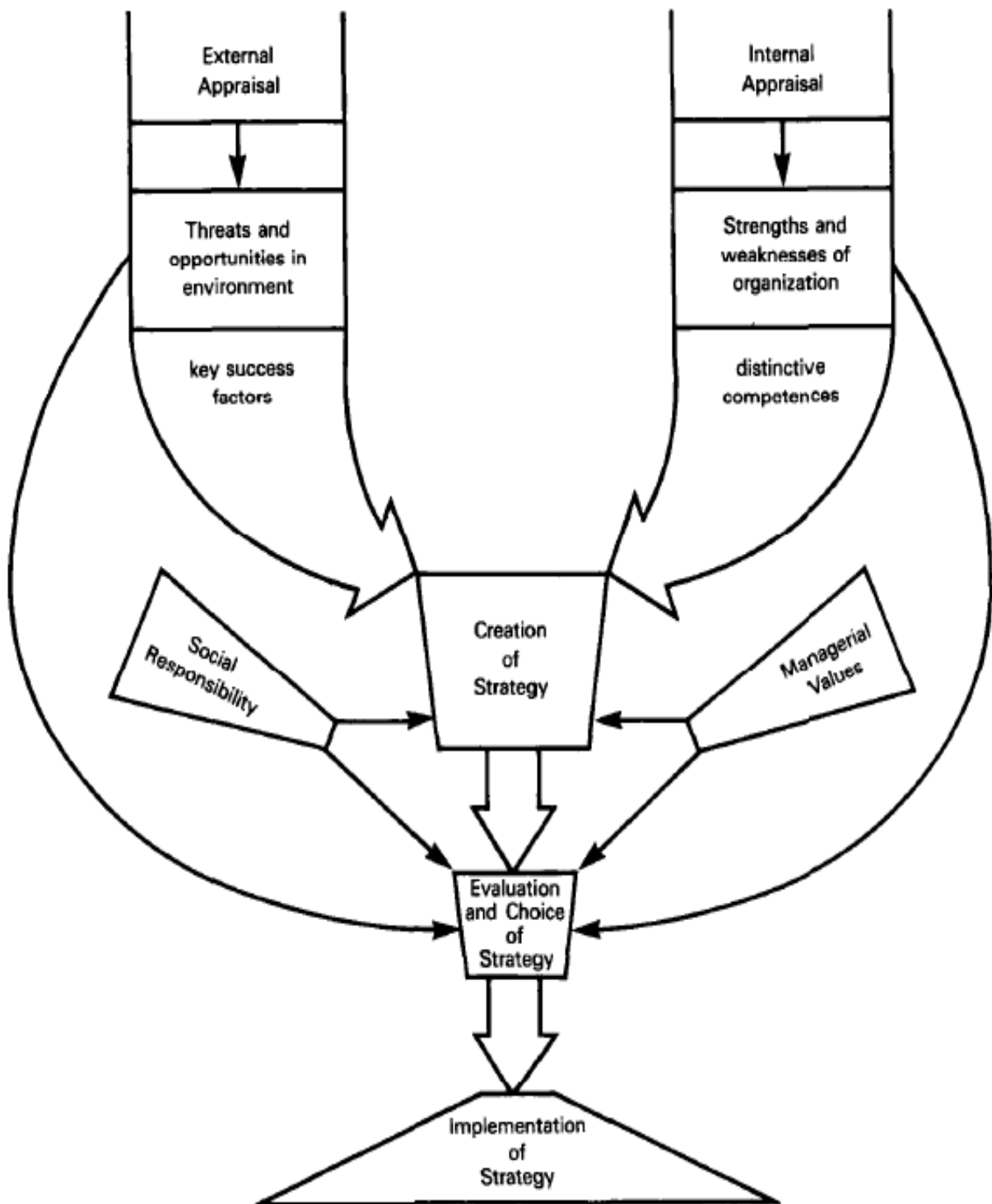


Figure 1 Basic Design Model from Mintzberg et al (198, p. 26, as adapted from Christensen et al., 1982)

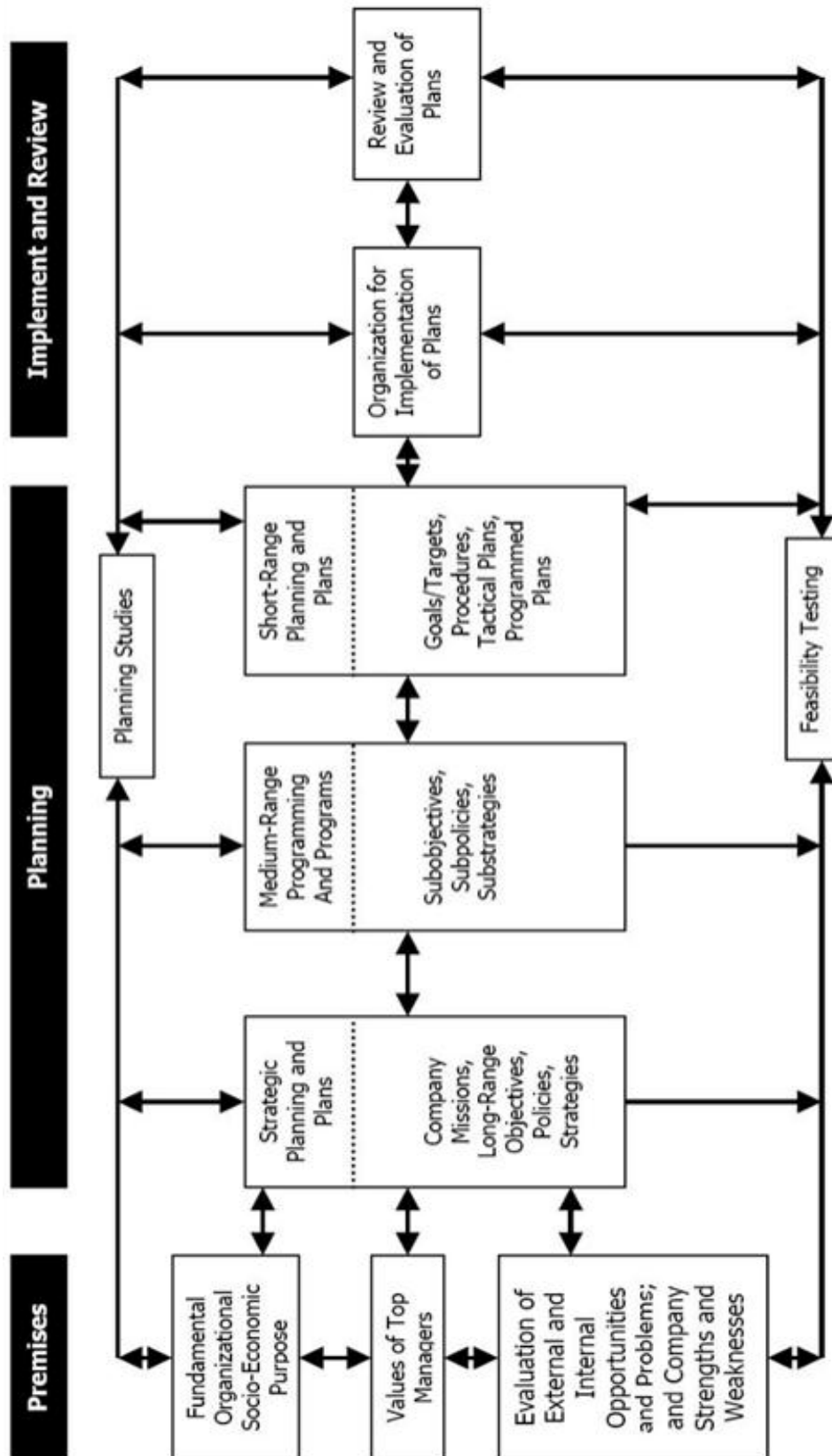


Figure 2 Steiner model of strategic planning. Redrawn from Mintzberg et al (1988, p. 50; Source: Steiner, 1969, p. 33)

### 1.2.2.3 Processes and descriptions

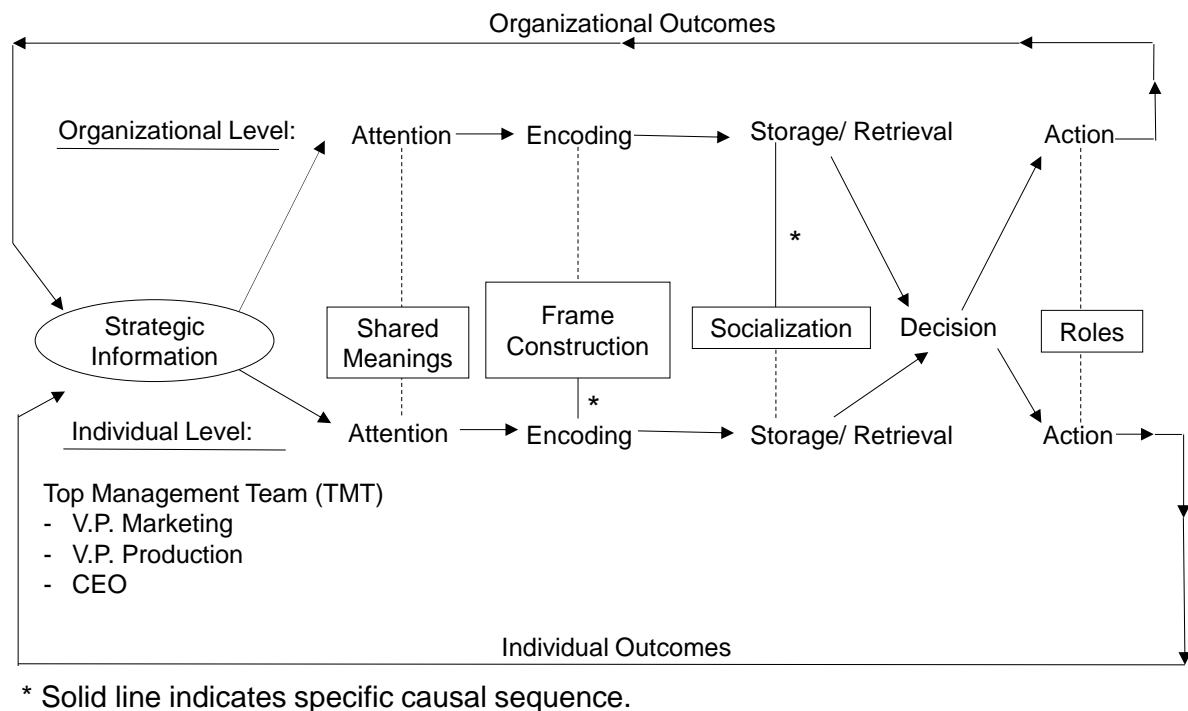
Other conversations about the phenomenon took a more emergent, social, descriptive process oriented direction. Concepts of psychology, cognition, learning, social, and power have emerged within strategy and SD's literature. Nutt and Wilson (2010, p. 6) noted that "The 1980s saw a move away from examining the content of strategic decisions – what they were about – to examining them more as processes. The question became whether we could map the progress of a strategic decision and make inferences about why such processes might occur." I believe that this is a valid inquiry that is worth looking into because it calls for a deeper understanding of the nature of SD's and their underlying processes.

Some studies have already been done to uncover SD's processes as reviewed in the following paragraphs. These studies attempted to provide rather comprehensive descriptions while focusing on a certain issue such as information processing and cognition, executives and top management team, dynamic capabilities, and political aspects.

For example, a notable contribution to the SD's process based conversations is depicted in **Figure 3**. It highlights a descriptive dimension of mental or cognition related concepts to the field and departs from the above content based, normative directions Simon (1957) and March and Simon (1958) argued that human rationality is bounded. This also can mean there is a limited capacity to process information and make decisions based on rationality only. If this is the case, people need some mechanisms to help them deal with information to make decisions such as 'frames' (Mintzberg et al (1998, p. 151) or schema, concepts, mental models, or maps as labelled by (Weick, 1995, p. 54).

The parallel strategic decision model depicted in **Figure 3** shows the linkages between information processing, decision, and action. This is a good step forward to link thinking with action. This model departs from the previous deliberate, content based views by suggesting a descriptive process in which decisions are emergent rather than 'made'.





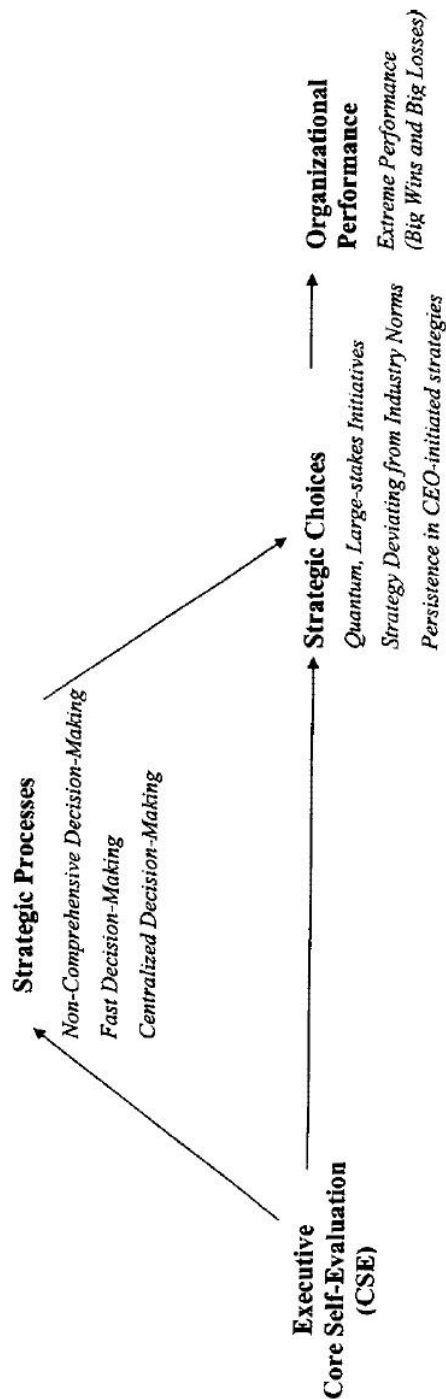
**Figure 3 A parallel process model of strategic decision making (Redrawn from the source: Corner et al, 1994, p. 296)**

The problem here, however, is that causality as depicted in the links of the model invites order: decision and then action. This was also criticized by Mintzberg and Waters (1990) who noted that the decision cannot be an artificially isolated construct because action also might precede it. The process, however, is a step forward towards a social process.

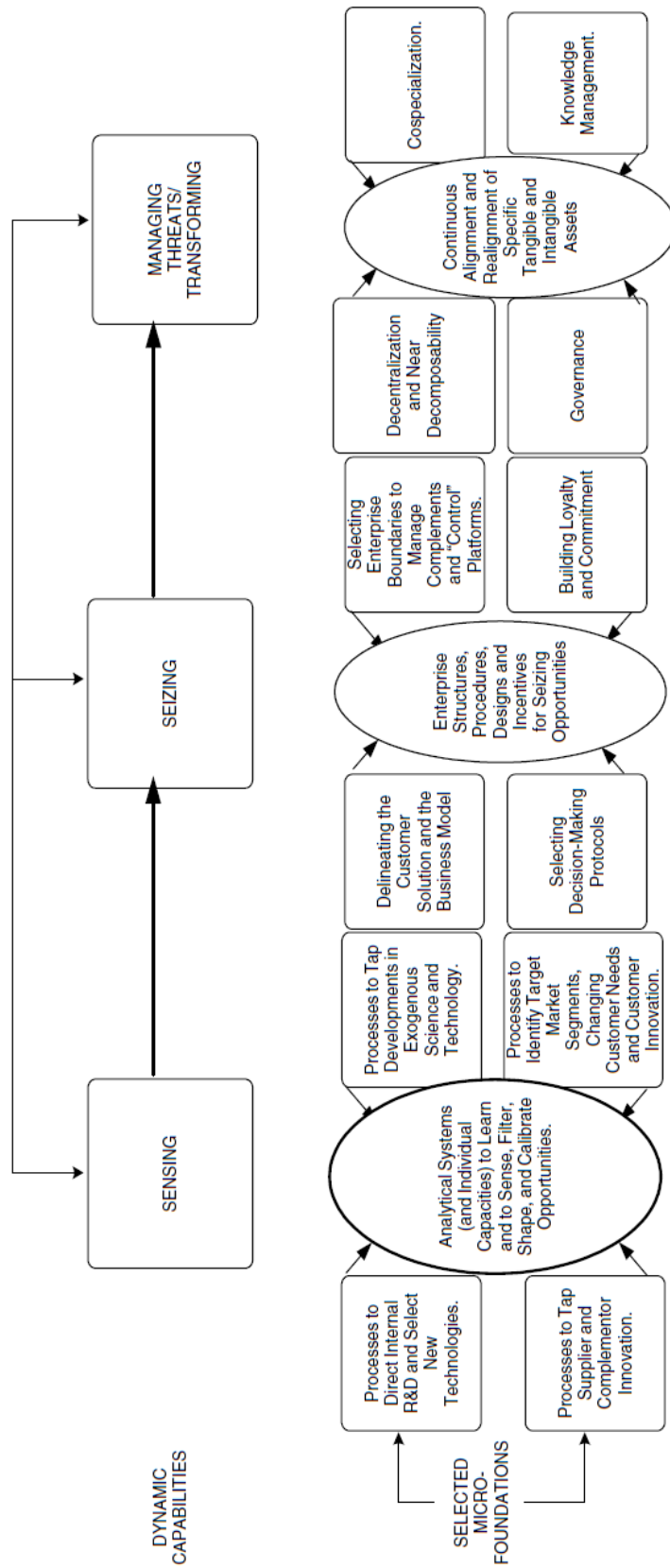
The question here, is order required: decision then action or action then decisions? Why not consider the possibility that they are continuously evolving and intertwined. Also, action is not elaborated in the model. So there are still some missing pieces of the SD's puzzle as they might occur in practice.

Additionally, the model proposed by Hiller and Hambrick (2005) depicted in **Figure 4** encompasses key SD's elements such as the decision maker, strategic process, and strategic choice leading to better performance. The model, however, is very condensed and stands short from providing a clear answer to the question of 'how' the strategic processes and choices are done in practice.

Teece (2007) presented a detailed model, which constitutes of a lot of elements grouped into sensing, seizing, and managing threats/transformation. The model focusses on the development part but lacks the integration with implementation. Also, it is theoretical, not empirical. The model is depicted in **Figure 5**.



**Figure 4 Effects of executive Core Self-Evaluation (CSE) on strategic processes, strategic choices, and organizational performance (Hiller and Hambrick, 2005)**



**Figure 5 Foundations of dynamic capabilities and business performance (source Teece, 2007)**

Additionally, Raes et al (2011) proposed a process model of “The Interface of the Top Management Team and Middle Managers” in which the factors of TMT and MMs’ interaction processes, role behaviours, and trust play a role in “strategic decision quality and implementation quality”. See **Figure 6**. The model is interesting as it highlights the importance of these factors in quality decision making. The model, however, does not show how SD’s get created and how they are linked to implementation.

Although early studies, such as Mintzberg et al (1976) and Eisenhardt (1999) explored strategy making from the perspective of strategic decisions, they stopped short of providing a link between creation and implementation. More recent studies, e.g., Child et al. (2010) expanded this discussion to examine various external influences on SD’s; yet they did not trace the connection between SD’s related to strategy creation and those related to implementation. See **Figure 7** for the proposed a ‘variance model of the political aspects of strategic decision making’.

Additional concepts have been introduced to strategy and SD’s literature and contributed to the understanding of the phenomenon by looking into some underpinnings of the emergent nature of the related processes.

For example, the concept of ‘disjointed incrementalism’ argued that policy making in government is fragmented and serial and that it “is not a neat, orderly, controlled process, but a messy one in which policymakers try to cope with a world they know is too complicated for them” (Mintzberg et al, 1998, p. 176, as reported in Lindblom, 1959). The authors added, “...and in business no less than government.”

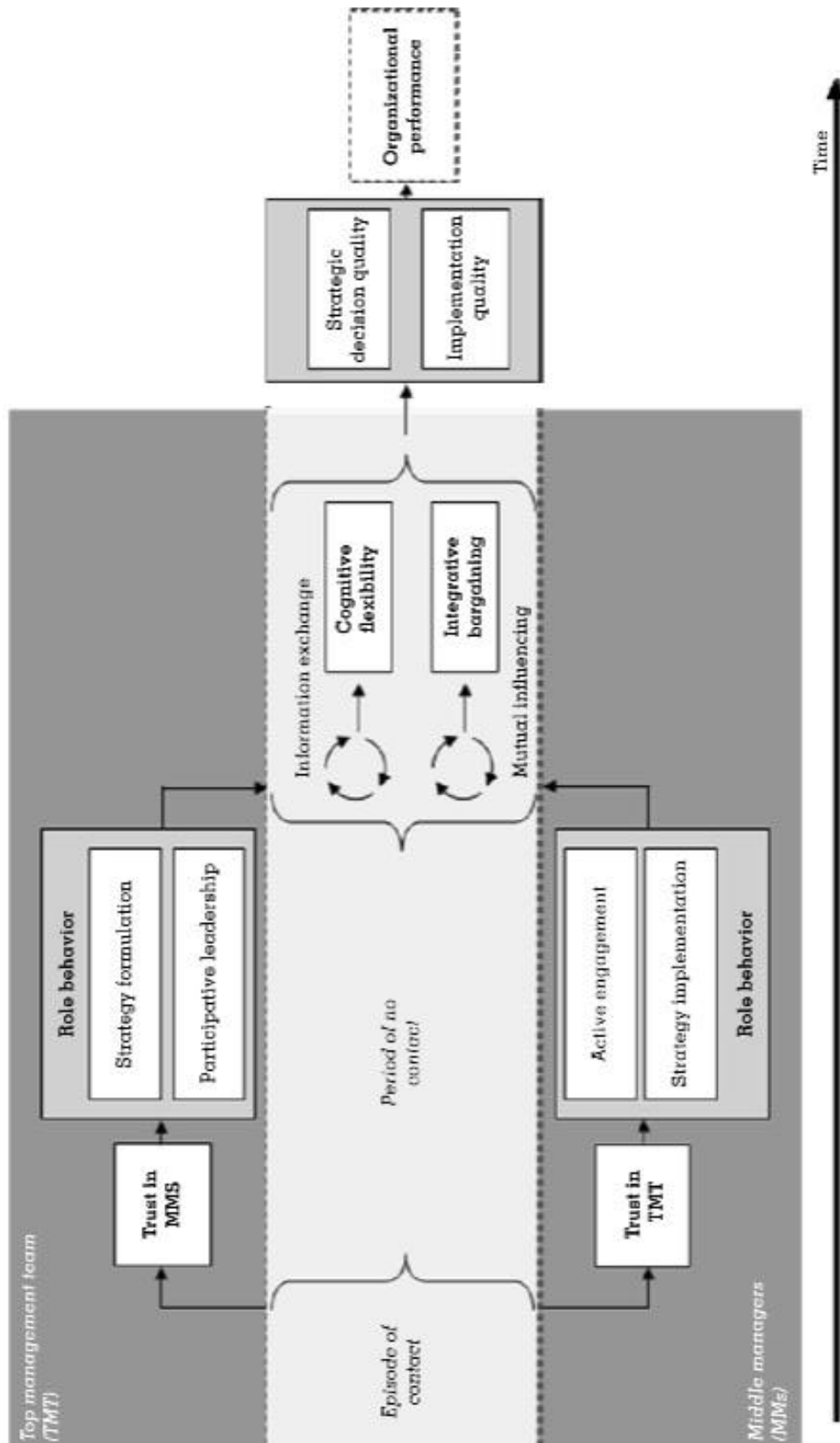
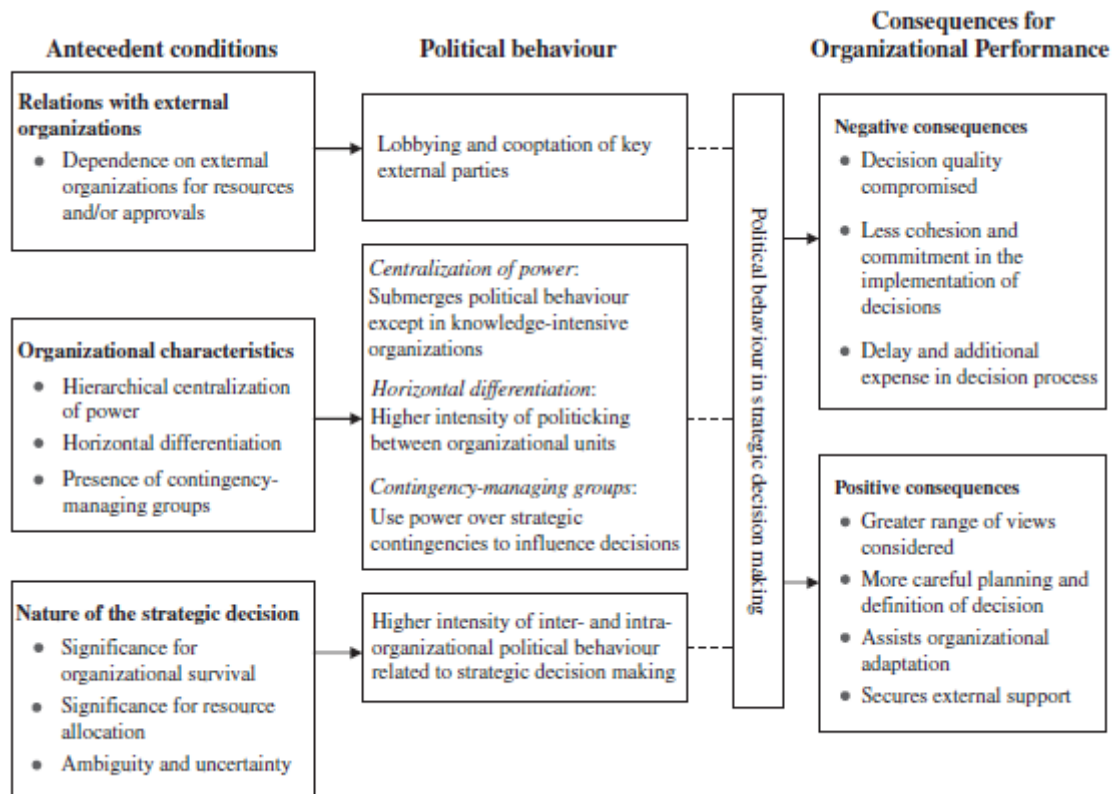


Figure 6 The Interface Model of the Top Management Team (TMT) and Middle Managers (MMs) Raes et al (2011)



**Figure 7 Child, Elbanna, and Rodrigues (2010, pp. 105---127) A variance model of the political aspects of strategic decision making**

On the other hand, the concept of ‘logical Incrementalism’ (e.g. Quinn, 1980a) agreed on the incremental nature of strategy in corporates. Quinn (1980b) noted that strategic change is not ‘piecemeal’ but rather an incremental process in which the top executives proactively developed it into a corporate strategy as opposed to keeping it disjointed. Quinn (1980a, p. 145) further explained that “By the time the strategy begins to crystallize in focus, pieces of it are already being implemented. Through their strategic formulation processes, they have built a momentum and psychological commitment to the strategy, which causes it to flow toward flexible implementation. Constantly integrating the simultaneous incremental processes of strategy formulation and implementation is the central art of effective strategic management”.

In a subsequent article, Quinn (1982) found that “high degree of intuitive content” is present in sophisticated very large organizations’ process of

generating major strategies that the author labelled as fragmented and evolutionary. Quinn (1982) noted further that “Although one usually finds imbedded in these fragments some very refined pieces of formal analysis, overall strategies tend to emerge as a series of conscious internal decisions blend and interact with changing external events to slowly mutate key managers’ broad consensus about what patterns of action make sense for the future.” Quinn (1982) described how large organizations manage strategic change through general guidelines that seem to be factors or enablers of success such as: information, awareness, support, structure, resources, commitment, and continuous change through a nonlinear strategy process.

These notions of descriptions and process orientation of strategy or SD’s sound very intriguing as an alternative view to the highly formal, step wise, prescriptive views. The problem here, however, is the need to investigate empirically further how SD’s are actually created and implemented and how creation and implementation are integrated.

Furthermore, the emergent nature of strategy or SD’s has also been looked into from the angles of emergence of strategy from patterns of actions (e.g. Mintzberg, 1978 and Mintzberg et al, 1998). The authors argued that strategic change rarely originates from formal planning. Instead, as Mintzberg et al (1998, p. 177) put it, “strategies could be traced back to a variety of little actions and decisions made by all sorts of different people (sometimes accidentally or serendipitously, with no thought of their strategic consequences). Taken together over time, these small changes often produced major shifts in direction.” This concept of ‘very little actions’ and decisions is problematized as it seems that the emergence from very little actions may be taking one extreme stance as opposed to the highly deliberate one. Are SD’s highly deliberate as formulated by an executive or strategist, or highly emergent and based on very little actions and decisions of different people, sometimes accidently or haphazardly? These extreme conjectures call for further investigation than can support them empirically.

1980's witnessed an emergence of new research focusing on the process, with particular emphasis in the 1990's on the links between SD's and results or performance. Around this period to date, 'strategy as practice' perspective (e.g. Whittington, 1996, Heracleous, 2003; Jarzabkowski, 2005) that looked into the "micro aspects of how managers think, act, and interpret strategic decisions" has emerged. Jarzabkowski and Wilson (2006) criticized the extant SD's literature or theory in that it is not "actionable". The solution that the authors proposed was that "researchers should concentrate on what managers do when they engage in strategic activities." The authors admit that this is not an easy task as there is a lot of variable levels of analysis and aspects that can be studied. This includes, for example, studying individuals' cognition and psychology when they act, or studying the activities of SD's and try to describe it, or all of that. Jarzabkowski (2005) argued that by looking at such micro level factors, researchers can explain why different organizations operating in similar environment and circumstances behave differently. These thoughts are interesting in their call for a different descriptive angle of SD's other than the highly formal, prescriptive one.

Some more recent published literature in general has addressed a lot of aspects that attempted to clarify the nature of SD's. For example, entrepreneurial related studies (e.g. Keyhani et al, 2015); upper-echelon, leadership, and top management team (e.g. Hambrick et al, 2005; Higgins and Gulati, 2006; Hiller and Hambrick, 2005; Souitaris and Maestro, 2010; Nielson and Nielson, 2013; Pegels et al, 2000; Raes et al, 2011); contingency (e.g. Koka and Prescott, 2008; Hough and White, 2003; Menz, 2014; Hambrick and Cannella, 2004; Leiblein et al, 2002; Miller and Folta, 2002; Forbes, 2005; Gima and Li, 2004); acquisitions (e.g. Kumar and Francis, 2015; Malhorta et al, 2014; Maitland and Sammartino, 2014; Ang et al, 2014; Zhu, 2013; Greve, 2011; McDonald et al, 2008); joint ventures (e.g. Johnson et al, 2002; Reuer et al, 2013); cognition and psychology (e.g. Gary and Wood, 2011; Forbes and Milliken, 1999; Kumar and Francis, 2015; Hodgkinson and Healey, 2011; McDonald et al, 2008); and alliances, power and politics (e.g. Maitland and Sammartino, 2014; Koka and Prescott, 2008; Song et al, 2002; Gavetti et al,



2005). These studies, which are just a small sample of the relatively recent published research, have dealt with particular aspects of SD's employing quantitative, qualitative, and mixed methods. Also, these studies do not intend to be an exhaustive coverage of literature addressing SD's systematically.

Some descriptions in literature reviewed so far are still not conclusive yet. For example, in practice, strategic decisions and actions may take place at places other than the two extremes of high deliberation of a senior executive or analysts and high emergence and accumulation of very little actions done accidentally by everyone. If this is the case, where is the process that can tell us what is truly happening when SD's are created and implemented? Can there be a middle ground process?

Stemming from the above, who is involved in the SD's processes? If it is not only the strong top leader, planner, and analyst, or not only the middle management, or everyone in strange places in the organization, then who are collectively involved?

Furthermore, if the ordered inseparable pair of thinking-actions is not realistic, then where are the empirical studies to unearth a holistic, real life creation and implementation process that occurs in practice? Yes, the notion of thinking and action are introduced and became part of the above reviewed literature, yet it is not shown how this happens.

There seems to be an area of missing pieces of knowledge that require further empirical study and analysis.

#### **1.2.2.4 Process Integration descriptions**

Some authors have proposed integrated frameworks or models of SD's processes, or presented interesting ideas relevant to this research. These are briefly presented and discussed below.

To move forward with this narrative review, Papadakis et al (1998), proposed an integrated research framework with focus on the factors that influence the decision-making process. See **Figure 8** below. The authors reasoned the need

for integration by arguing that there has been “little research on the influence of broader context on SDs ... focus on a limited number of antecedents while ignoring other important sources of influence ... focus on just one characteristic of the process... despite the fact that strategic DMPs are multidimensional nature ... such evidence produced is contradictory and far from establishing a coherent theory.” The framework provides factors or elements, not an integrated process that describes what happens in practice holistically. Also, the framework does not provide an explanatory power using a specific lens.

This means that theories and perspective addressed and contributed a lot of elements, concepts, and processes that are associated with strategy, strategic change, and strategic management, but there is still a room to contribute to and improve our understanding of the real world and its works by capturing an integrated process that links SD's creations and implementation. Therefore, there is also a room to contribute to knowledge and practice of strategic management.

Our understanding of the SD's phenomenon is far from complete. We know a lot of factors and aspects of it, but I problematize the literature in that the process in which some of the factors work collectively in practice is still under researched. This is an objective that motivated this research.

But the problem remains: what is that holistic process that can describe what is really going on in practice? This research probes empirically into a set of firms and investigates how they go about their strategic SD's and change through creating and implementing SD's.

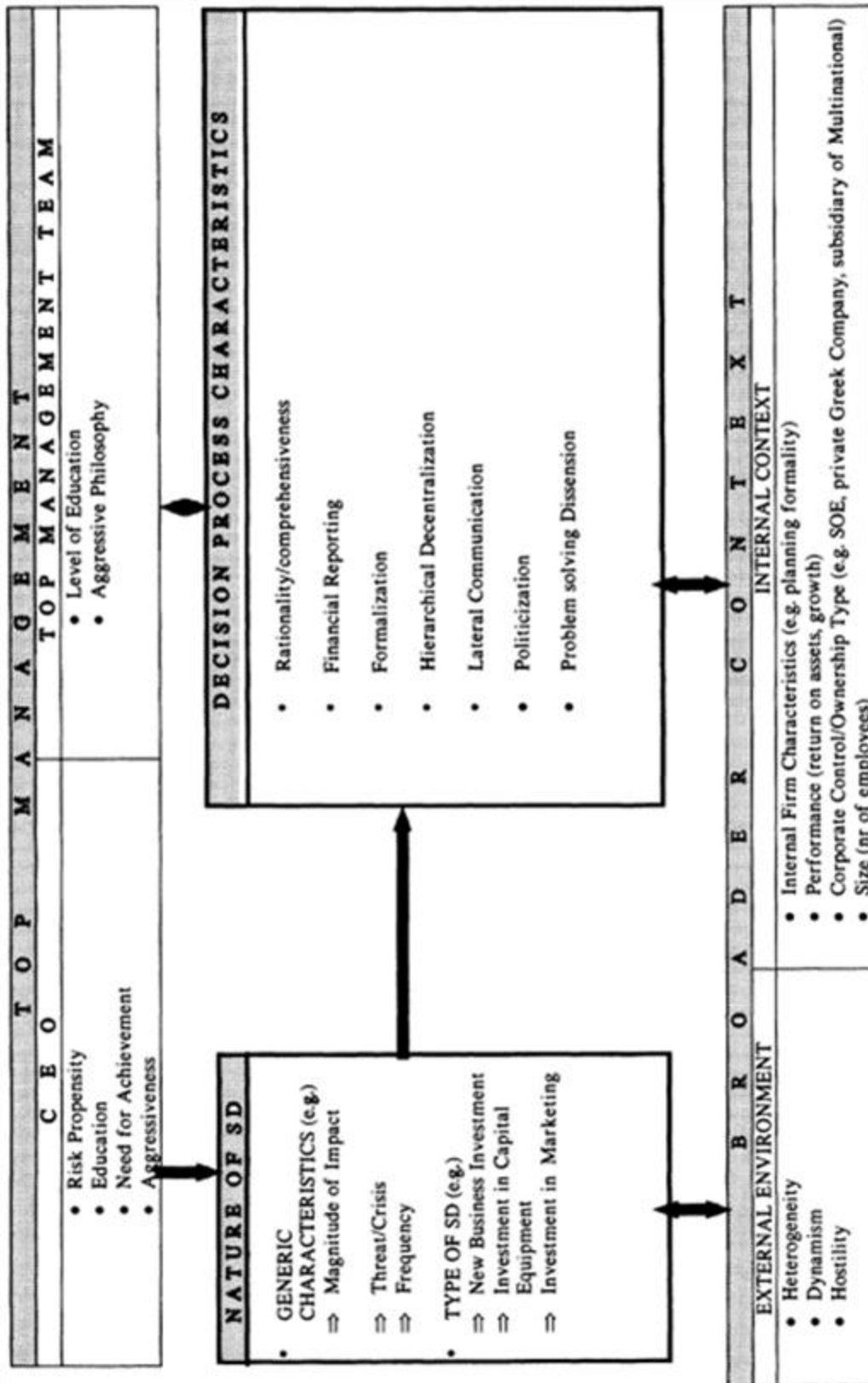


Figure 8 Papadakis et al (1998), Factors influencing strategic decision-making process

Based on the findings of Papadakis and Barwise (1997) and many other published SD's literature between 1998 and 2008, Nutt and Wilson (2010, pp. 33-34) have suggested that there is a need to look at SD's from an integrated view point. The authors proposed 'An integrative framework for studying strategic decisions' as depicted in **Figure 9**.

Even though the framework is conceptual, it did outline interesting possible building blocks of the process including context, processes of formulation and implementation, content, and outcome. Later on, Papadakis et al (1998) actually proposed an integrated framework empirically. The framework, however, proposed factors or elements but did not describe a process that can show how SD's creation and implementation are carried out in practice and how they are integrated.

An integrative model was proposed by Elbanna and Child (2007) as shown in **Figure 10**. The model depicts important factors of effective SD making such as motivation, importance, internal and external environment, and other dimensions (rationality, intuition, and political behaviour). These factors are interesting but the model does not describe a process that can explain how SD are actually created and implemented.

Finally, there is an inspiring precedence in literature that proposed a process through which SD's are created (Mintzberg et al, 1976), which tracked SD's over a long period of time. That enabled the authors to propose a mechanism of how alternatives are generated and the choice is made. See **Figure 11** for the proposed 'general Model of the Strategic Decision Process'. The process, however, did not describe the implementation part or how it is linked to creation.

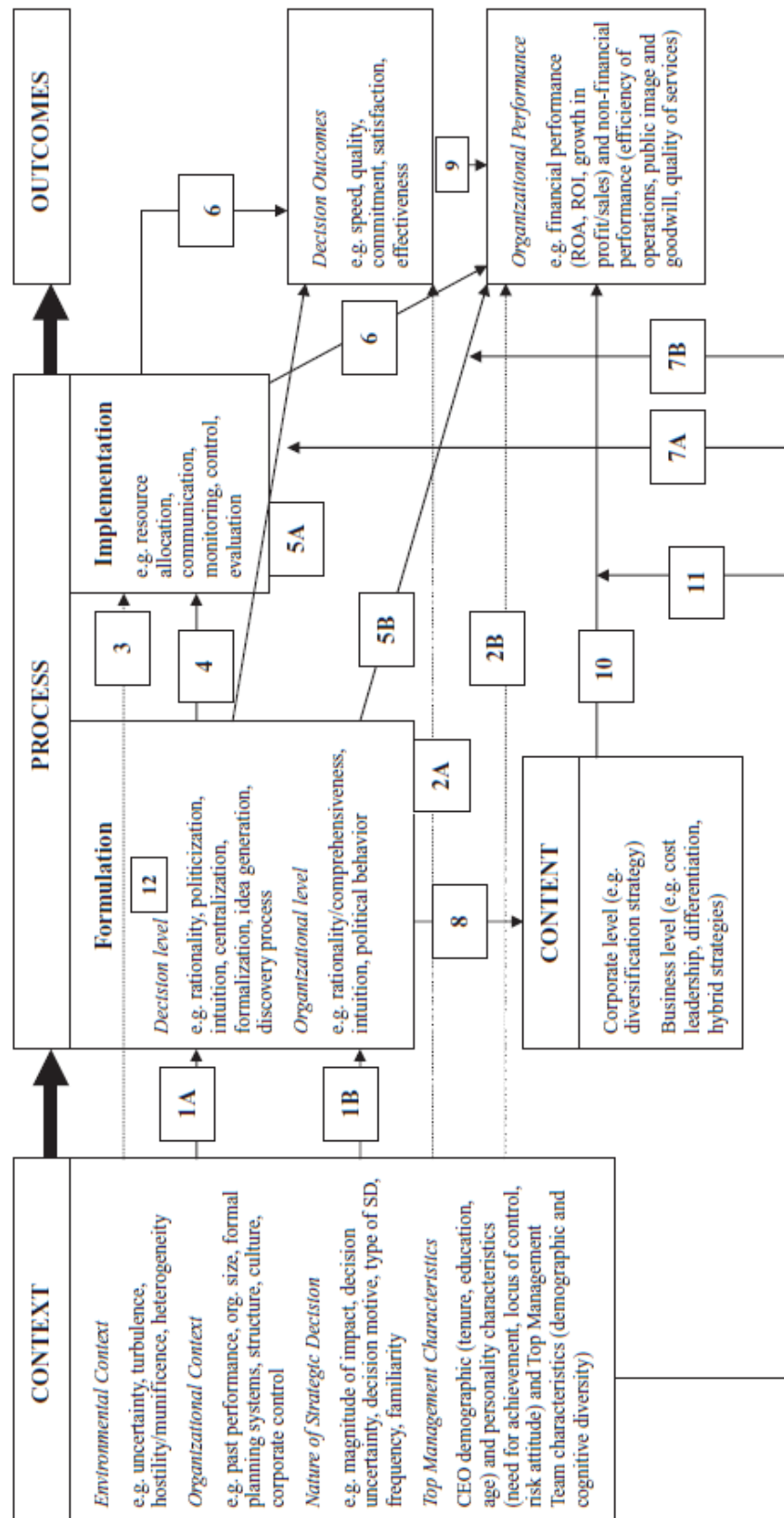


Figure 9 An integrative framework for studying strategic decisions from Nutt and Wilson (2010, pp. 33-34)

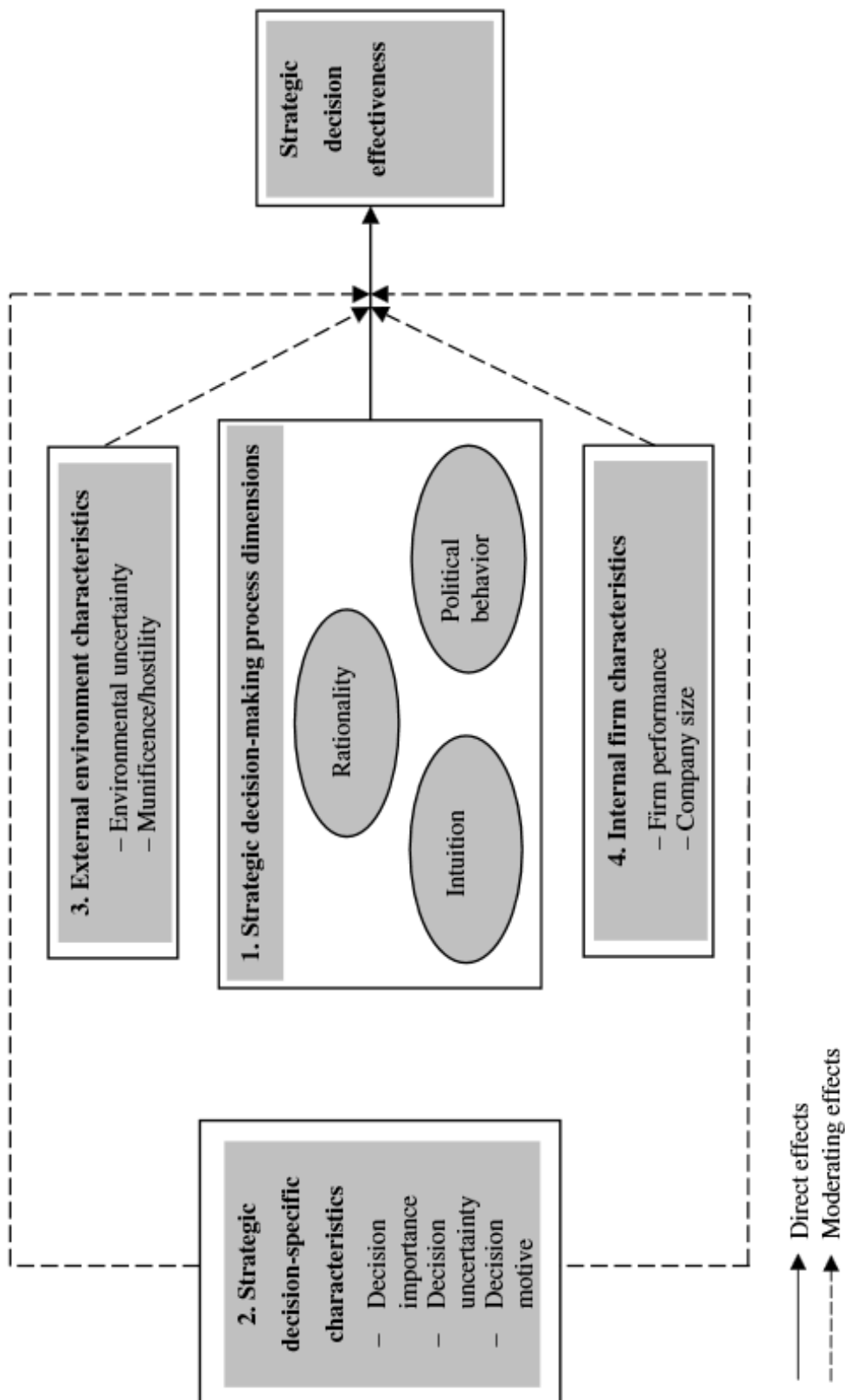


Figure 10 Integrated model of strategic decision-making effectiveness Elbanna and Child (2007)

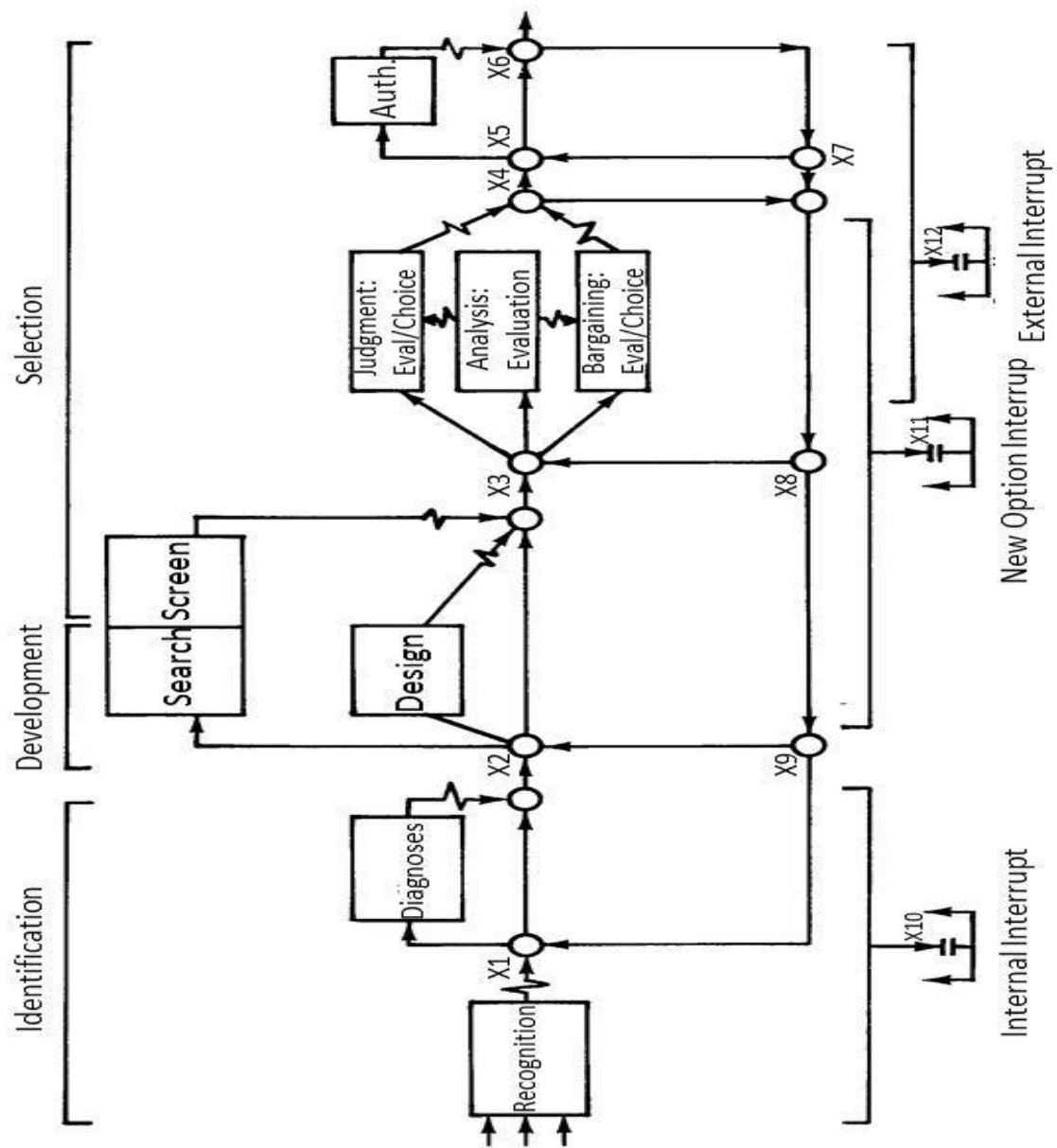


Figure 11 Redrawn from Mintzberg et al (1976) A General Model of the Strategic Decision Process

### 1.2.3 Problematizing the literature and defining the key constructs

A lot of concepts, views, directions, and perspectives have been introduced to SD's literature within the wider SM field. The above literature review identified some gaps of knowledge about the understanding of SD's phenomenon.

Historically, prescriptions of formal planning and positioning literature have been the main stream views of strategy and SD's. This research problematized these views for their inadequate representation of the actual nature of SD's in the world of practice. This is problematized not merely to oppose the planning approach, which may be suitable in certain context as noted by Mintzberg et al (1998, p. 354-359) in **sub-section 1.2.2.2** above. The issue is still open for further discussion and investigation as the evidence is still not conclusive whether this approach is actually used and practiced by all firms.

To address this issue, some studies have departed from these prescriptions and proposed views based on describing the processes underpinning SD's. Some scholars have studied the processes of certain individual aspects of SD's while some others have proposed integrated or more comprehensive models and frameworks. While this research acknowledges these developments, it problematizes the separation between creation and implementation as this separation does not capture the actual practice in real life. Implementation process has not been captured as well.

Therefore, this empirical research joins the process, descriptive, emergent based conversations on SD's reviewed above and attempts to achieve the objective of addressing the overarching problem of: how firms actually create and implement strategic decisions in practice. This is the general problem that is investigated in this research. Projects 1 to 3 in the corresponding chapters in this thesis, however, consist of the emerging research questions that incrementally have led to the overall resolution of the overarching research problem. As noted by Nutt and Wilson (2010, p. 6), "The question became whether we could map the progress of a strategic decision and make inferences about why such processes might occur." This challenge is the fundamental issue that this thesis addresses.



I adopt in this research a definition of SD's proposed by Pearce and Robinson (2009, pp.8-12) for its comprehensiveness and general coverage of the accounts and definitions reported in **sub-section 1.2.2.1**. In this definition, SD's span several areas of a firm's operations; have broad implications that involve a number of units or functions; require substantial human and material resources that are authorized by top management; commit the firm to actions over a long period or multiple years; call for a proactive or anticipatory view toward change; and impact the firm's long-term prosperity. Types of strategic decisions can include (Al-Ghamdi, 1998): "introduce a new product or service, open and start up a new plant or facility, expand operations to enter new market, discontinue a product or withdraw from market, acquire or merge with another company, change the strategy in an operational department," and others.

The SD's phenomenon under study is indeed a complex social based process. We cannot do justice to it if it is studied from a pure natural science approach. Methodologies of social science such as case studies are good candidates to deal with it as detailed in the next chapter.

The next chapter presents the overall methodology and data of the research and concludes with the findings and results, which I believe will contribute to the SD's body of knowledge through enhancing the understanding the actual nature of the phenomenon in a holistic way. Also, it contributes to the world of practice through the attempt to put that knowledge into usage through practical means such as a descriptive checklist or diagnostic tool.

### **1.3 Addressing the problem**

Based on the problem articulated in the literature of SD's summarized above, the next natural "move", as suggested by Golden-Biddle and Locke (2007, p. 22), is to address how to deal with this problem.

This research has followed the established structure of the Cranfield DBA process and evolved and emerged over several phases from the Scoping Study to Projects 1 to 3. Each phase had its own emerging set of method, data, findings, and discussions based on the new developments of the research at

each phase. **Table 1** summarizes the methods used in these phases. As this table shows, the research was developed rigorously through multiple empirical stages augmented with the explanation of a theoretical lens. **Sub-section 1.5.1** provides an overall roadmap of the research's phases.

The following sub-sections, **1.3.1 - 1.3.5**, cover the overall methodology, data, overall findings, and concluding discussions or outcomes of this research.

**Table 1 Summary of the research phases and their objectives and methodology**

Phases	Objective	Methodology
Scoping Study (SS)	<ul style="list-style-type: none"> <li>• Success factors or enablers of strategy implementation (SI)</li> </ul>	<ul style="list-style-type: none"> <li>• Literature review</li> </ul>
Project 1 (P1)	<ul style="list-style-type: none"> <li>• Success factors or enablers of implementing strategic decisions (SD's)</li> </ul>	<ul style="list-style-type: none"> <li>• Empirical data</li> <li>• Semi-structured interviews</li> <li>• Analytic induction analysis</li> </ul>
Project 2 (P2)	<ul style="list-style-type: none"> <li>• SD's creation and implementation process (SDCI)</li> </ul>	<ul style="list-style-type: none"> <li>• Additional empirical data</li> <li>• Reanalyse the empirical data</li> </ul>
Project 3-part 1 (P3.1)	<ul style="list-style-type: none"> <li>• Explanatory power of SDCI process using sensemaking perspective as a lens <ul style="list-style-type: none"> <li>○ Refinement of the SDCI process</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Conceptual/theoretical analysis</li> </ul>
Project 3-part 2 (P3.2)	<ul style="list-style-type: none"> <li>• Application of SDCI process in practice <ul style="list-style-type: none"> <li>○ Assess understandability of SDCI process by practitioners</li> <li>○ Develop a descriptive diagnostic tool or checklist of questions for practitioners than can help them improve the overall quality of their SD's (creation and implementation)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Empirical data</li> <li>• Semi-structured interviews</li> <li>• Analyse empirical data</li> </ul>

### 1.3.1 Overall methodology

The phenomenon studied in this research is a very complex social process, which called for the employment of case study strategy for the empirical parts. Thorough empirical information is required in order to understand how firms actually make and implement SD's in practice. Therefore, semi-structured interviews with 9 firms were used in P1 (7 firms) and P2 (2 firms) covering 19 SD's. The protocol included demographic, open-ended, and follow-up questions that helped in exploring and understanding SD's behaviour of these firms. The executives of well-known medium to large firms were asked to discuss and reflect on recent SD's that they have made and implemented. The interviews in P1 and P2 were largely taped and transcribed by me. Notes were taken when it was not possible to tape or to augment the recordings where needed.

The studied firms spanned multiple manufacturing and services sectors. Approaching the firms to conduct the interviews was not easy due to the very sensitive nature of the subject. Therefore, referrals were used to facilitate contacting the firms and conducting the interviews. Also, the interviewees were provided with confidentially letters assuring confidentiality of all information and identities. The interviewees were the executives of the firms and their management team members where it was possible to interview them. That helped in creating some degree of rigor using multiple sources of information.

P3 also used semi structured interviews with 5 additional firms. Except for the pilot interview, P3 data were taped and transcribed directly by me. Notes were also taken to augment the recordings based on the development of the discussion. This empirical data helped in assessing the understandability or usability of the SDCI process. Also, the data helped in developing or refining a tool that can be used by practitioners to help them improve the quality of creating and implementing SD's.

The next **sub-section 1.3.2** presents summary tables about the SD's and the modes of the interviews (taped or notes) and their durations.

### 1.3.2 Overall data

As noted above, data were acquired mainly through tape recording. Notes were also taken to augment the discussions or when taping was not possible. The data analysis was performed through Analytic Induction (AI) procedure, which I found to be appropriate for such complex social phenomenon. AI procedure (Wilson, 2004) is systematic. It starts with a set of factors or themes of one case and covers iteratively all the cases until factors and patterns saturate<sup>1</sup>. I transcribed the contents of the recordings directly and performed the analysis. Details of data and analysis are depicted in the corresponding chapters (Chapters 2 and 3) in this thesis.

The unit of analysis was the SD. All the questions were about the SD's that have been recently made and implemented. **Table 2** lists the SD's covered in this research<sup>2</sup>. The outcome from the data gathered from these firms in P2 was the SD's creation-implementation (SDC I) process noted in the **Table 1** above.

**Table 2 Lists of the SD's and their implementation stage used in P1 and P2**

Firm	SD	Implementation activity reached
1	SD 1.1 Buy an existing and running factory	Exist at formalization stage
	SD 1.2 Merge	Passed operation stage and started yielding good results
	SD 1.3 Create JV	Passed operation stage and started yielding good results
2	SD 2.1 Foreign partnership and Restructuring	Passed operation stage and started yielding good results
	SD 2.2 Convert from Fabricator to EPC	Loop at formalization
3	SD 3.1 Add and invest on a new major h/w product line	Passed operation stage and started yielding good results
	SD 3.2 Add and invest on a new particular major s/w product line from a new major partner	Exist at operation stage
	SD 3.3 Acquire an established partner	Loop at formalization

<sup>1</sup> **Figure 28** in **Chapter 3** sub-section 3.2.3 depicts the process - Iteratively developing theory using AI (Wilson, 2004)

<sup>2</sup> **Appendixes K and L** show the information about the interviewees and firms

	in a certain line	
	SD 3.4 Create a JV with an established partner in certain line	Passed operation stage and started yielding good results
	SD 3.5 Add a new particular type of e-business	Loop at operation to prepare for operation details
4	SD 4.1 Create JV	Passed operation and started yielding good results
5	SD 5.1 Companywide restructuring	Exist at operation stage
	SD 5.2 Creating a new company	Passed operation and started yielding good results
6	SD 6.1 Expanding to full agencies product lines	Passed operation and started yielding good results
	SD 6.2 Companywide restructuring	Exist at operation stage
7	SD 7.1 Expand the distribution network country wide	Passed operation and started yielding good initial results
8	SD 8.1 Creating a new company	Passed operation and started yielding good results
9	SD 9.1 Create a JV	Passed operation and started yielding good results
	SD 9.3 Acquire a company	Exist at formalization

Five additional firms were approached in P3.2 in order to assess the extent to which the proposed SDCI process is usable and easy to understand.

**Table 3** lists the information about the interviewees and firms that participated in P1 and P2.

See **Table 4** for information about the additional firms used in P3.2. In order to help in the usability of the SDCI process, a descriptive diagnostic tool or checklist was developed in P3 as noted in **Table 1** above.

It is worth noting here that the interviewees were asked to use their knowledge and experience about their SD's in general in order to assess and discuss the presented and proposed SDCI process. The intention was to give more freedom and latitude for the executives to use their accumulated knowledge about their firms' SD's and reflects on them.

**Table 3 Information about the interviewees and firms used in P1 and P2**

<b>Firm</b>	<b>Duration</b> Minutes Seconds	<b>Mode</b>	<b>Interviewee</b> <b>Position</b>	<b>Years In</b> <b>company</b>	<b>DBA</b> <b>Project</b>	<b>SD</b>
1	104m 06s	Taped	Senior Vice President	20	P1	1.1, 1.2, 1.3
2	45m 27s	Taped	Chief Executive Officer	7	P1	2.1, 2.2
	17m 36s	Taped	Sales and Marketing Manager	20	P1	2.1, 2.2
3	66m 14s	Taped	General Manager	25	P1	3.1, 3.2, 3.3
	24m 43s	Taped	Sales Manager	8	P1	3.1, 3.2, 3.3
	35m 10s	Notes	General Manager	25	P2	3.4, 3.5
4	49m 04s	Taped	Executive Director	18	P1	4.1
5	48m 30s	Taped	General Manager	5	P1	5.1, 5.2
6	41m 41s	Taped	Regional/General Manager	18	P1	6.1, 6.2
7	45m 25s	Notes	Country Manager	5	P1	7.1
	17m 10s	Notes	Sales Manager	4	P1	7.1
8	45m 20s	Notes	Senior Sales Manager	3	P2	8.1
9	125m 15s	Notes	Vice President	12	P2	9.1, 9.2
	<b>665.7 Minutes or 11.1 Hours</b>					

**Table 4 Demographic information about the interviewees and firms used in P3**

<b>Demographic</b> <b>information</b>	<b>Firm 1- Pilot 65 Minutes</b>	<b>Firm 2 49 Minutes</b>	<b>Firm 3 48 Minutes</b>	<b>Firm 4 66 Minutes</b>	<b>Firm 5 72 Minutes</b>
Totals	300 Minutes or 5 hours				
Interview mode	Notes	Taped	Taped	Taped	Taped

Nature of business and business sector	Chemical industry, manufacturing trading services	Safety and Fire services	Building material manufacturing	Oil & Gas Trading	Construction material industry manufacturing and trading
Type of company – proprietorship, private company, incorporated, JV,	Private company	Private company	JV	Private company	Private company
Size of company-employees, revenue, geographic presence	600 million, 500 employee, GCC, Middle East	600 million, 1200 Employee, GCC	200 million, 140 employee, GCC, Middle East	2 billion, 13,000 employees , KSA, partial GCC	2.7 billion 1,700 employee, KSA, some Middle East
Years since establishment	30 years	25 years	40 years	36 years	33 years
Position in your company- executive/top management, middle management	General Manager, 15 years	General Manager, 9 years	General Manager, 4.5 years	Sales & Marketing Business Development, 3 years	CEO, 20 years
Education-graduate of and from	Electrical Engineer, USA	Mechanical Engineer, Middle East	PhD Mechanical Engineering, UK	Mech. Engineer, Middle Easts	Material Engineer, Middle East

From **Table 3** and **Table 4**, the total durations of the interviews for the research is 965.7 Minutes or 16.1 Hours.

### 1.3.3 Overall findings

The final findings of this research are summarized in the following sub sections. These findings are presented in detail in their corresponding P1 to P3 chapters (Chapters 3 to 6 respectively).

### 1.3.3.1 SD's creation-implementation (SDCI) process

P1 resulted in identifying empirically some factors or enablers of implementing SD's successfully. **Figure 12** depicts groups or categories of factors<sup>3</sup>.

It was found during P1 that firms exert a lot of both thinking and action to create and implement SD's; SD's go through a continuous life cycle from the desire to improve performance or grow business to the creation of SD's to the on-going business management and resolution of all types of arising issues and problems. SD's are triggered by events related to performance review and or market conditions. **Figure 13** depicts this general high level SD's lifecycle. Even though executives regarded the SD's that they made as good decisions, their implementation was not a straightforward endeavour; they faced a lot of problems that required attention and resolutions during their implementation.

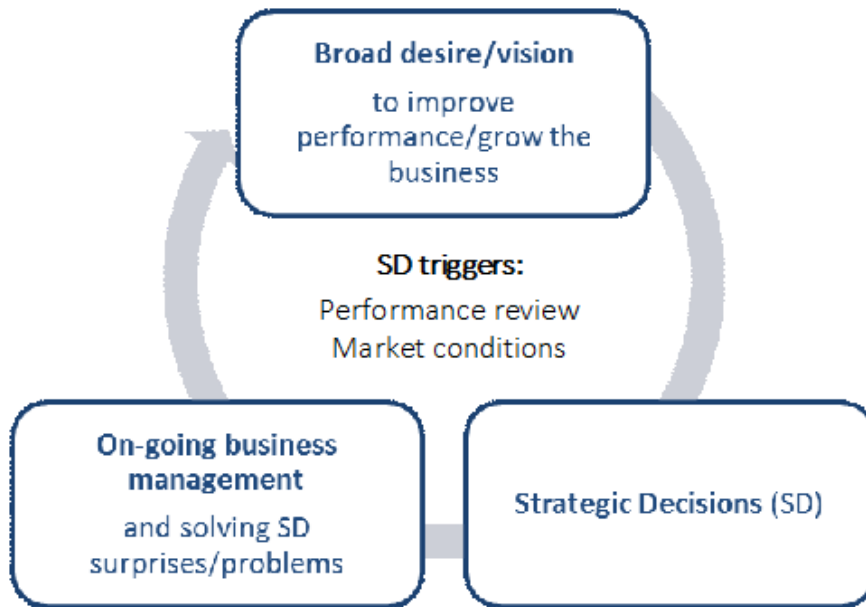


**Figure 12 Successful SD's implementation framework**

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<sup>3</sup> Tables 26-31 in Chapter 3, sub-section 3.3.3 list the elements of these groups.





**Figure 13 General SD lifecycle in practice**

The above results prompted me to investigate a more detailed and descriptive process of how SD's are created and implemented in practice. That was the emerging objective of P2.

The results in P2 uncovered a highly iterative SD's creation-implementation (SDCI) process. This process is depicted in **Figure 14** (SD's creation), **Figure 15**, (SD's implementation), and **Figure 16** (the holistic SD's creation-implementation or SDCI process). The dotted link in **Figure 14** represents the possibility of making a decision based on a strategic plan as was claimed in one of the SD's of a firm. **Figure 15** depicts activities associated with SD's implementation. Firms mobilize resources for action, formalize them through various means such as agreements and contracts, and operate and manage them. During operation, firms troubleshoot and resolve issues and problem. Feedback links denote results, learning, and connection to the creation activities.

The dual or two directional links and loop backs in these figures denote *continuous and highly iterative* processes. The relationship between the elements is not linear as it might appear from the figure. The process is depicted in this initial way to reflect the complexity of the interactions between

the elements. A more abstract representation is introduced in the next sub section 1.2.4 that discusses the results and findings.

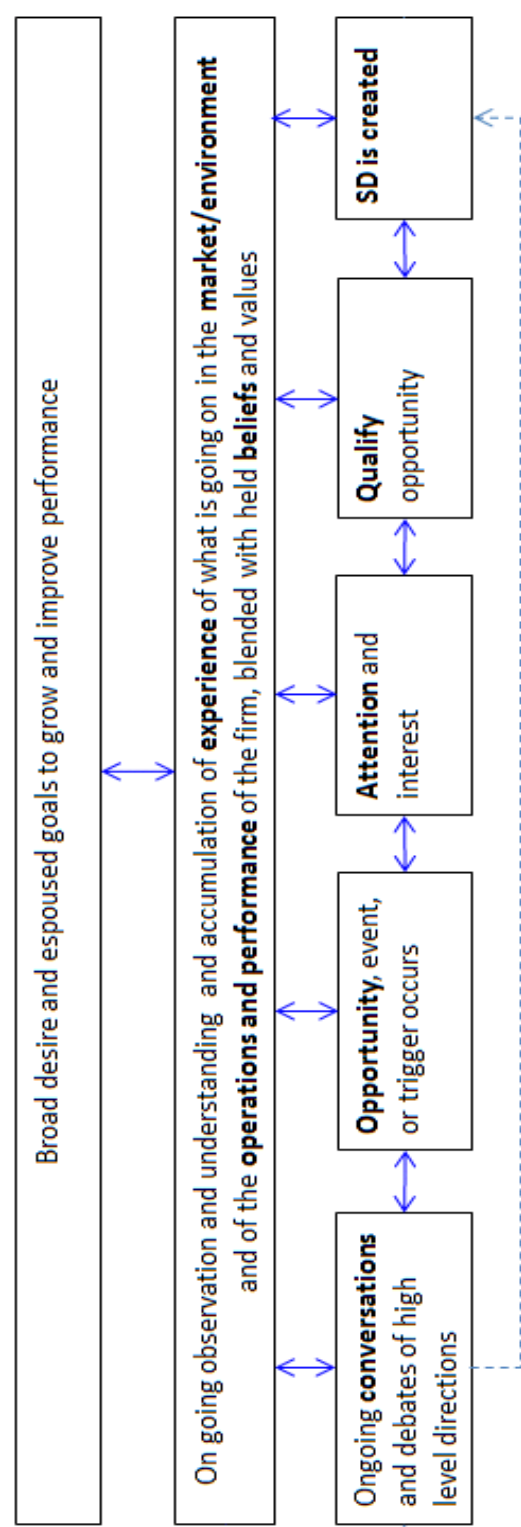


Figure 14 Creation of SD's – initial representation

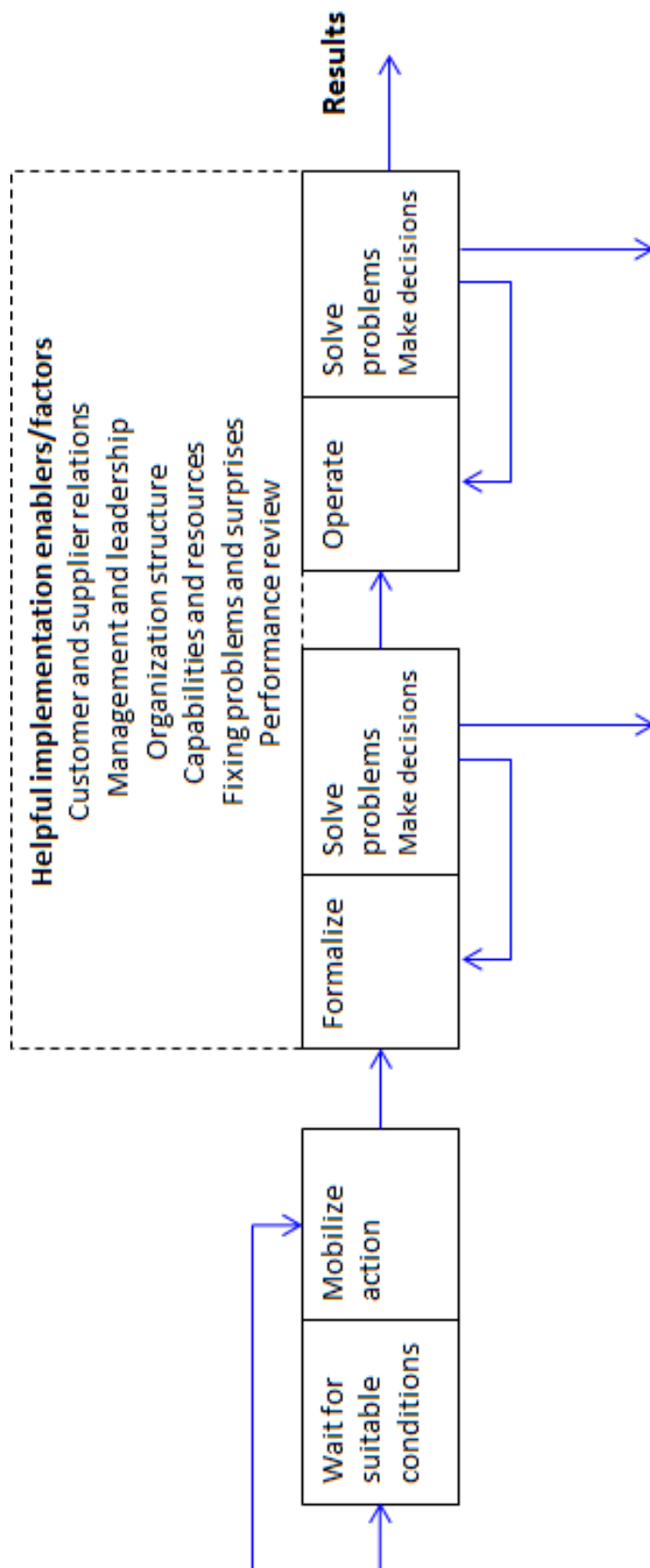
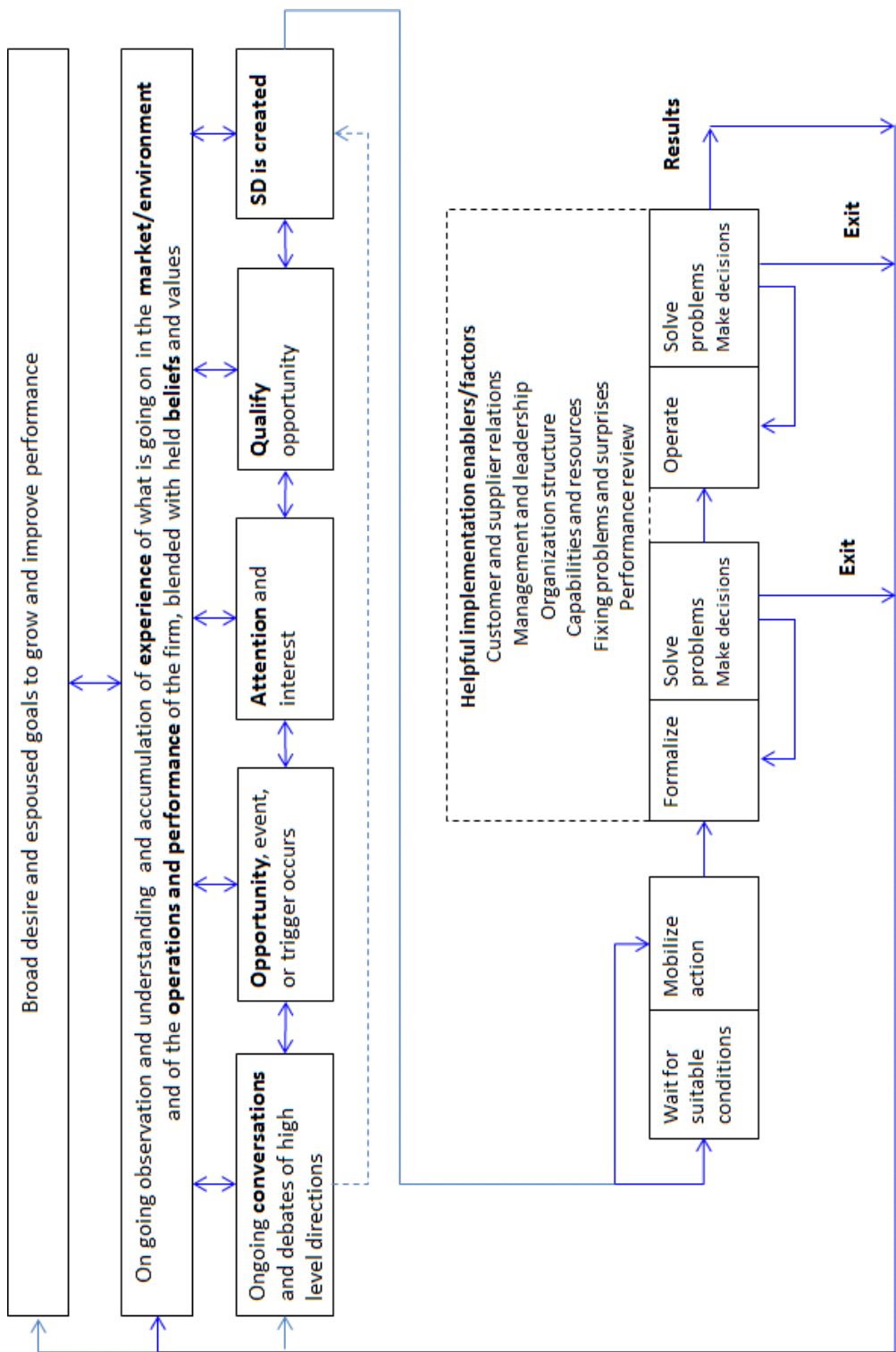


Figure 15 Implementation of SD's - initial representation

**Figure 16** below represents the holistic SD's process that links creation to implementation.

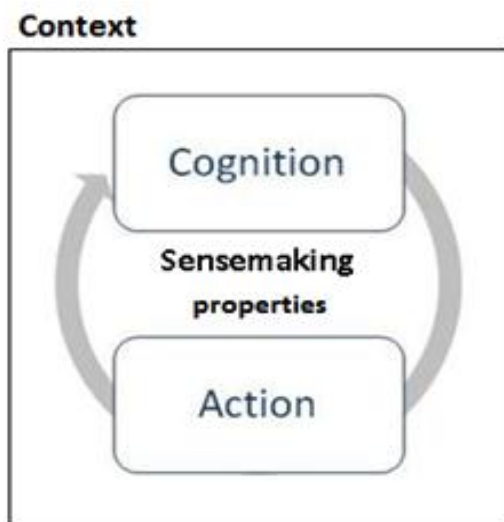


**Figure 16** SD's creation-implementing (SDCI) process - initial representation

### 1.3.3.2 Theoretical explanatory power for SDCI process using sensemaking perspective lens

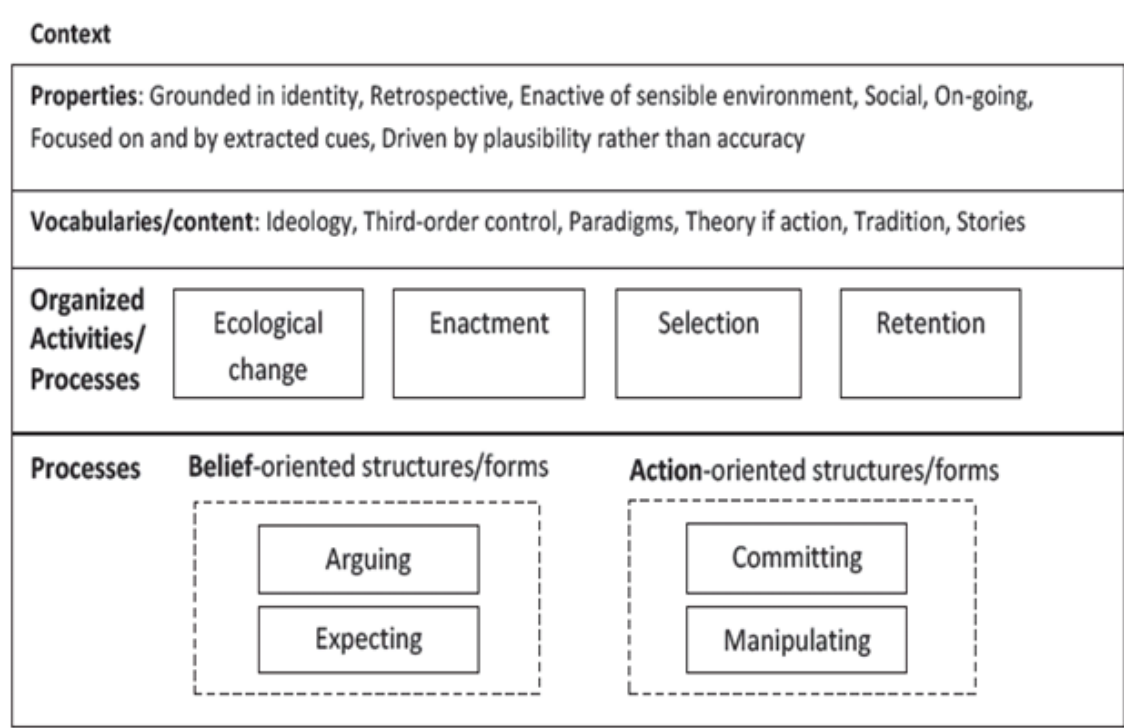
In order to give the SDCI process some explanatory power and interpret the findings or the proposed SDCI process, the sensemaking perspective was used as an analytical lens, as noted above in **section 1.2**. Sensemaking means literally “the making of sense” (Weick, 1995, p. 4). Sensemaking, as a perspective, links decision making to organization theory (Weick, 1969, 1979, 1995; Weick Et al, 2005). It builds on MOC and offers explanations by creating mental models, perceptions, sense, cognition, meaning, and interpretations and by acting on them for organizational issues and behaviour. For example, Mantere (2000) generally argues that sensemaking deals with complex social communication and understanding, and that it has many useful notions that can accommodate the non-linear, complex nature of human interactions and interpretations. Weick et al (2005) also noted that “Sensemaking involves turning circumstances into a situation that is commended explicitly in words and that serves as a springboard into action”.

My review of literature on sensemaking resulted in a general representation of the sensemaking perspective as depicted in **Figure 17** consisting of interrelated and iterative cognition and action components within a context.



**Figure 17 General representation of sensemaking**

**Figure 18** represents a relatively detailed view of some main properties (Weick, 1995: 17-62), vocabularies or contents (Weick, 1995, pp. 109-132), cues amplification processes (Weick, 1995, p. 132), and organized activities and processes of sensemaking (Weick, 1995, p. 133-168).



**Figure 18** Some of the key elements of sensemaking as summarized from Weick (1995, 17-168)

These sensemaking elements were mapped onto SDCI process<sup>4</sup>. The mapping resulted in a striking parallel between SDCI process and sensemaking. Little alterations were done on SDCI process to align the terminology or language neatly with sensemaking<sup>5</sup>. The original SDCI process is depicted in Figure 19. The alterations of the SDCI process following sensemaking are depicted in Figure 20. The alterations are shown in the red text. The final SDCI process is depicted in **Figure 21**.

<sup>4</sup> **Figures 92** and **93** and **Table 59** in **Chapter 5, section 5.4** depict and explain the mapping of the SDCI process to sensemaking

<sup>5</sup> Alterations are depicted in the underlined elements in **Figure 20**

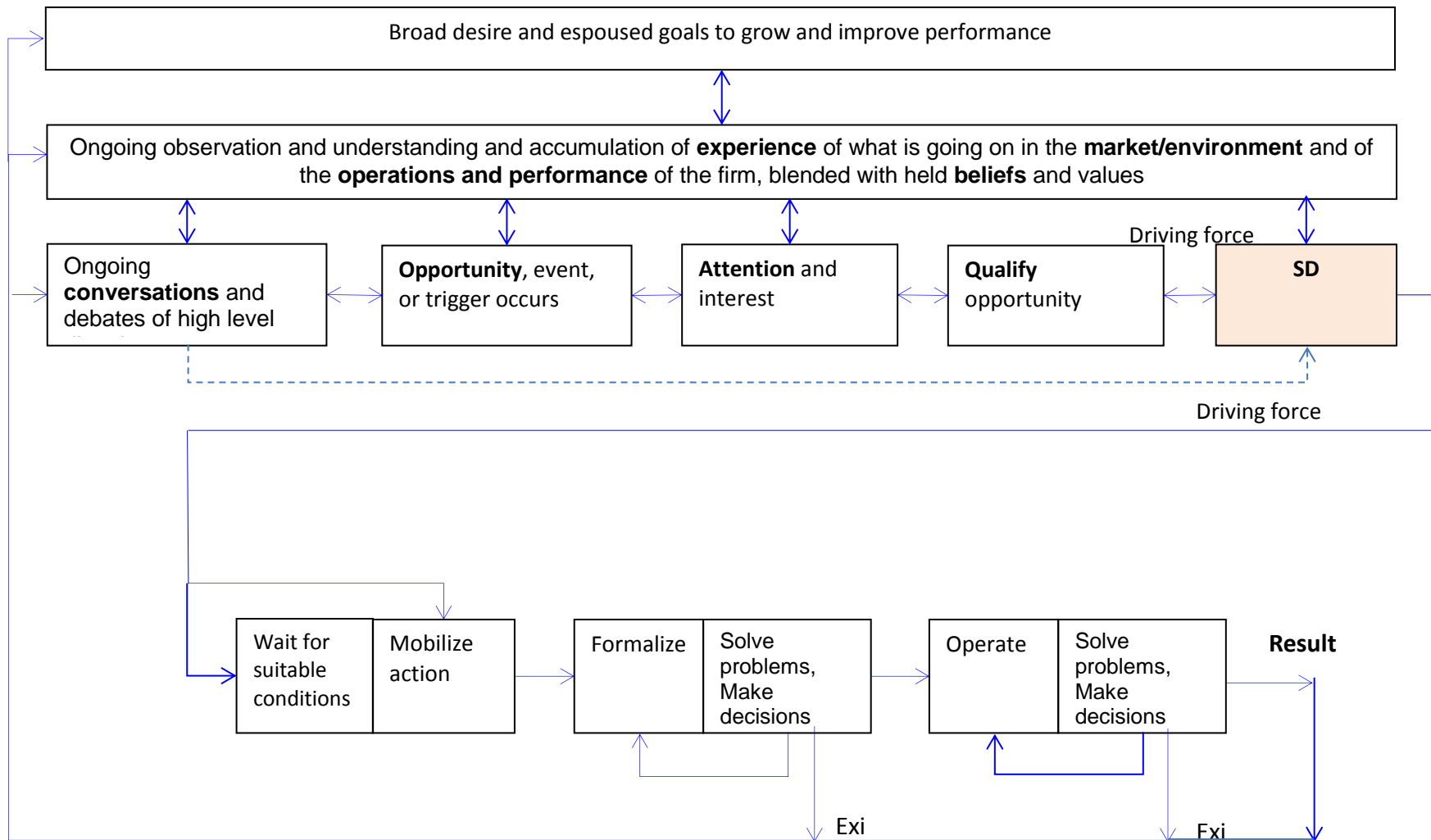


Figure 19 The SDCI process – before mapping the original presentation to sensemaking

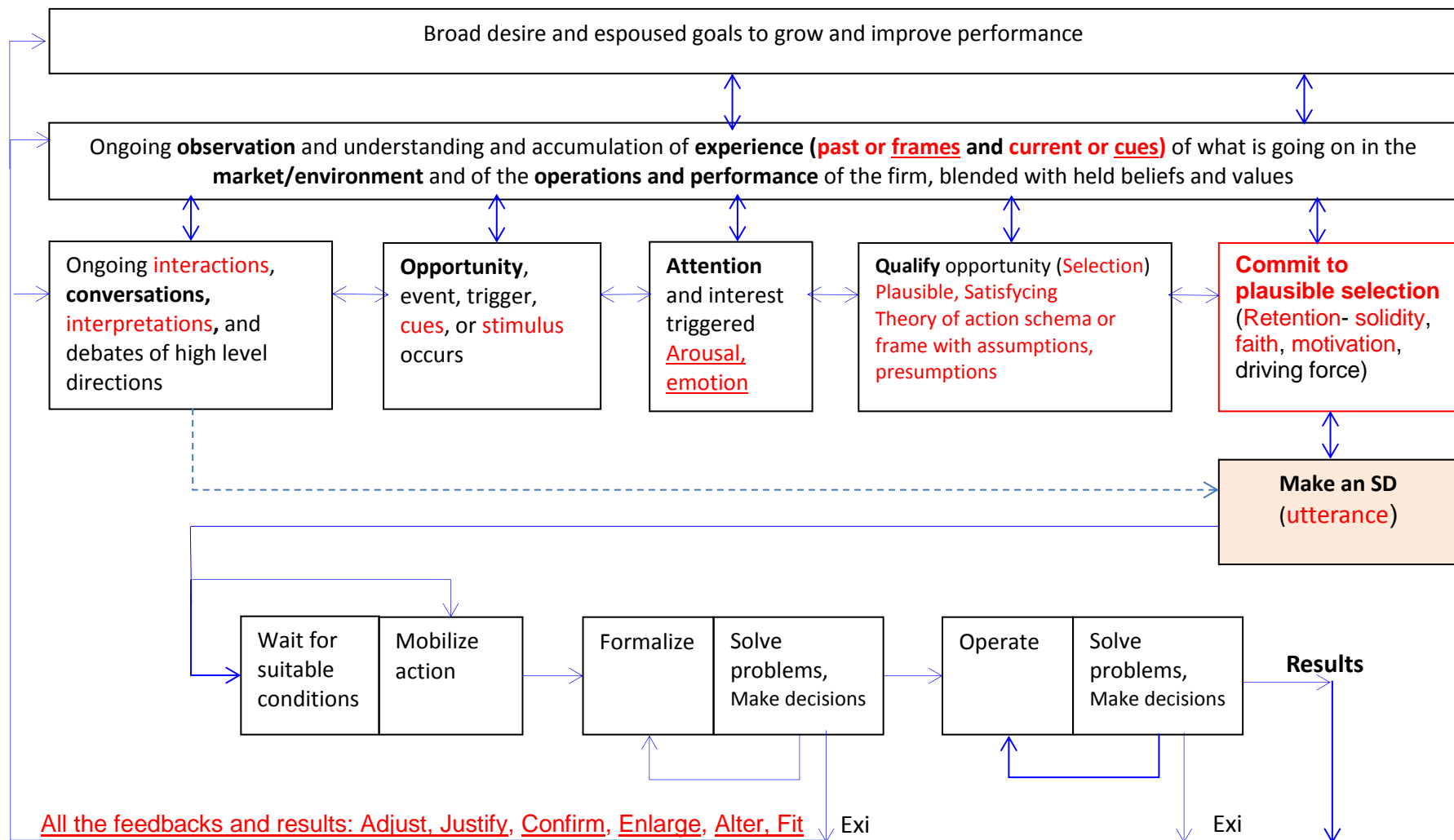
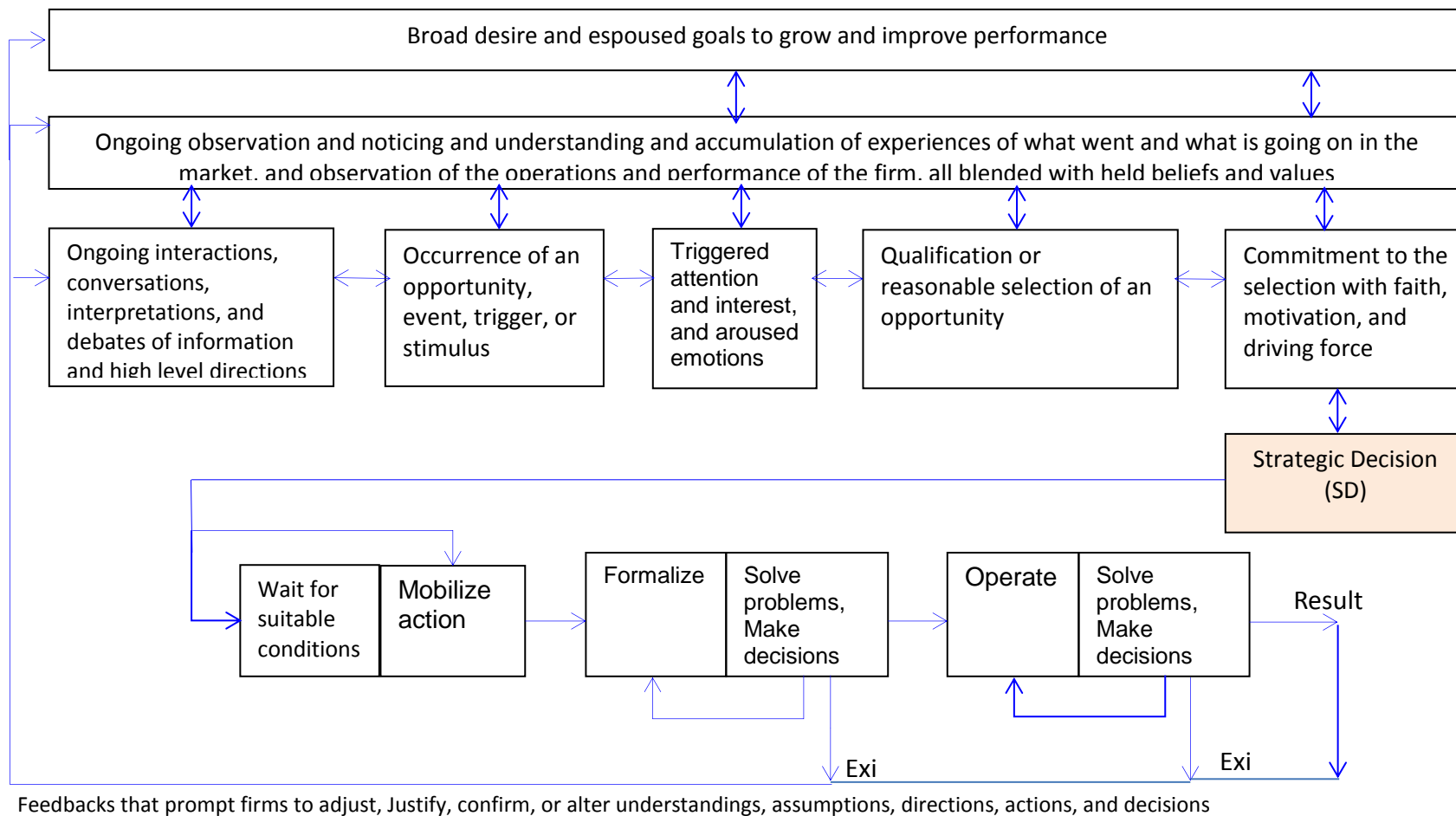


Figure 20 The SDCI process – the alteration of the process using sensemaking





**Figure 21 The SDCI process – the detailed representation after the alteration using sensemaking**

In summary, this step of employing sensemaking lens has added value greatly to this research. It helped me refine slightly the descriptive process by using comparable sensemaking terminology. Also, it helped in adding some explanatory power to the proposed SDCI process description and demonstrated that the process can be understood in terms of sensemaking perspective. Furthermore, it made sensemaking research potentially relevant for improving the process. Finally, it constituted an example or instance for applying sensemaking theory or perspective in the context of SD's in the world of practice.

### **1.3.3.3 Empirical SDCI diagnostic tool**

P3 took the results further to develop a checklist or usability tool that can help practitioners use the process and benefit from it in practice. The executives were asked some questions about their overall understanding of the process and about their opinion about it.

The interviewees were particularly asked three questions: tell me about your understanding of the process (or how clear and easy it is to understand?), how it resonates with what you do (or how similar or different it is from your practices?), and in what way or aspects or elements, if any, it might change the way you create and implement SD's?.

The data to these three questions can be summarized as follow. The interviewees indicated in the first question that the process is clear, practical and easy to understand, organizes and guides thinking, and brings attention to how SD's are created and implemented. In their response to the second question, the interviewees noted that successful SD's were generally aligned with the process and that less successful decisions generally deviated from the process. The response to the third questions highlighted some areas that the interviewed firms suggested to improve such as improving conversations and interactions, using and benefiting from the accumulated experiences, and improving analysing and qualifying SD's.

These results motivated me further for the research and its findings as they gave me more assurance and confidence that the process is generally clear and can be accepted by the executives and practitioners.

Also, some checklist questions were extracted from the elements of SDCI process. These questions were applied to the first 3 firms to check their overall application of the process. The feedbacks from these firms were incorporated in the checklist to enhance its usability. The refined checklist then was applied again in 2 more firms. The questions prompted the firms to think about issues related to the elements of the process. **Table 5** presents the second or final refined checklist.

**Table 5 SDCI Diagnostic tool consisting of a checklist of questions**

SDCI element	Questions
<b>SD Creation</b>	
Broad desire and espoused goals to grow and improve performance	<ul style="list-style-type: none"> <li>Do you have high level goals to improve performance and or grow?</li> <li>Note: This question is assumed to be naturally in place in the mind of the executives and management team, but it is posed exclusively here for the completeness of the process.</li> </ul>
Ongoing observation and noticing and understanding and accumulation of experiences of what went and what is going on in the market, and observation of the operations and performance of the firm, all blended with held beliefs and values	<ul style="list-style-type: none"> <li>Do you continuously observe the market to search for relevant signals or events - to a suitable or applicable level to you?</li> <li>Do you understand these events and make sense of what is going on in the market?</li> <li>Do you retain and accumulate relevant information and experiences from these observations?</li> </ul>
Ongoing interactions, conversations, interpretations, and debates of information and high level directions	<ul style="list-style-type: none"> <li>Do you have general directions in place some that can guide ways to act or respond to the market?</li> <li>Do you conduct conversations continuously to discuss events, information, and directions?</li> <li>Do you make use of your accumulated experiences to understand and interpret the relevant events and opportunities?</li> <li>Do you try to blend differences between the management team to reach acceptable</li> </ul>

	meanings of events?
Occurrence of an opportunity, event, trigger, or stimulus	<ul style="list-style-type: none"> <li>Do you notice relevant events or opportunities that might trigger changes in directions?</li> <li>Note: This question was asked before but is rephrased here to maintain continuity of the flow of the process.</li> </ul>
Triggered attention and interest, and aroused emotions	<ul style="list-style-type: none"> <li>Do the new relevant events and information stimulate interest, attention, and emotions?</li> </ul>
Qualification or reasonable selection of an opportunity	<ul style="list-style-type: none"> <li>Do you conduct a good enough level of analysis to determine the feasibility of the new opportunities?</li> <li>Do you employ your accumulated learning and experiences in the analysis?</li> </ul>
Commitment to the selection with faith, motivation, and driving force	<ul style="list-style-type: none"> <li>Do you have strong enough faith and driving force to commit to the selection or decision and realize it?</li> </ul>
<b>Strategic Decision (SD)</b>	
Make a Strategic Decision (SD)	<ul style="list-style-type: none"> <li>Have you based the SD on the on-going strategic thinking and arising opportunities?</li> </ul>
<b>SD Implementation</b>	
Wait for suitable conditions	<ul style="list-style-type: none"> <li>Are the right circumstances (situation, cost, benefit, risk, and other situational factors) considered to start implementing the SD?</li> </ul>
Mobilize action	<ul style="list-style-type: none"> <li>Are the related internal and external players determined, informed, directed, and motivated to implement the SD?</li> </ul>
Formalize	<ul style="list-style-type: none"> <li>Is the SD clearly and properly made official in terms of the necessary documentation such as agreements, contracts, organization structures, and job assignments?</li> </ul>
Operate	<ul style="list-style-type: none"> <li>Are the functions and departments related to the SD identified and put into production?</li> <li>Are the operations properly planed, directed, managed, and lead?</li> <li>Are the parties related to the SD clearly and actively interacting, discussing, and resolving issues?</li> <li>Are the parties related to the SD actively learning and adjusting to changes in the environment?</li> </ul>
Solve problems and Make decisions	<ul style="list-style-type: none"> <li>Are problems arising from formalization and operations identified and acted on?</li> </ul>

	<ul style="list-style-type: none"> <li>• Are the accumulated experiences used in order to make necessary decisions and solve the problems?</li> </ul>
Results and feedbacks	<ul style="list-style-type: none"> <li>• Are you open to learn from the on-going experiences and results?</li> <li>• Are the accumulated experiences and learning actually used to enhance your understanding and improve the decision making and execution process?</li> </ul>

### 1.3.4 Overall discussions

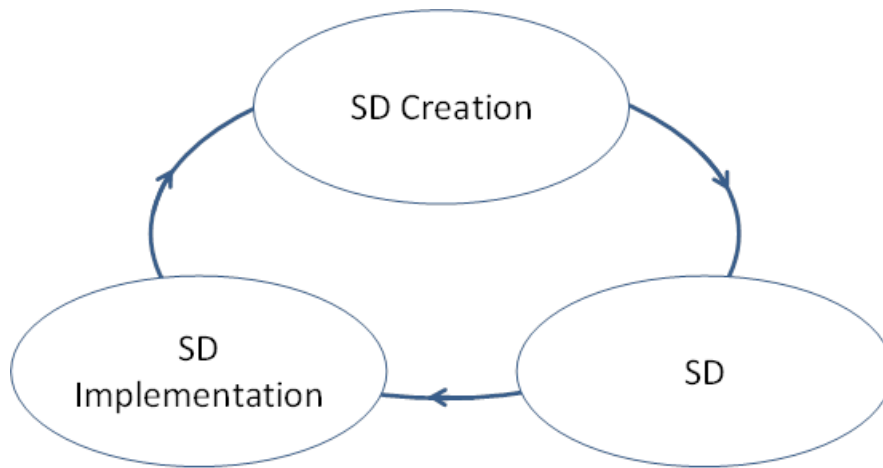
The findings in P1 mainly shed some light on ‘what’ firms do to implement SD’s in terms of success factors or enablers. The findings posed a ‘so what’ question to these factors and to the high level life cycle as SI and SD’s literature already have covered lot of successful implementation factors or enablers. Also, the high level lifecycle does not provide enough descriptive information that can substantially add to SD’s knowledge or to the world of practice.

To address these limitations, P2 resulted in the development of a holistic SDCI process that unified SD’s creation and implementation and proposed that this unification is theoretically legitimate; the process uncovers the actual complex nature of the process and no longer separates creation from implementation as it has been portrayed widely in literature.

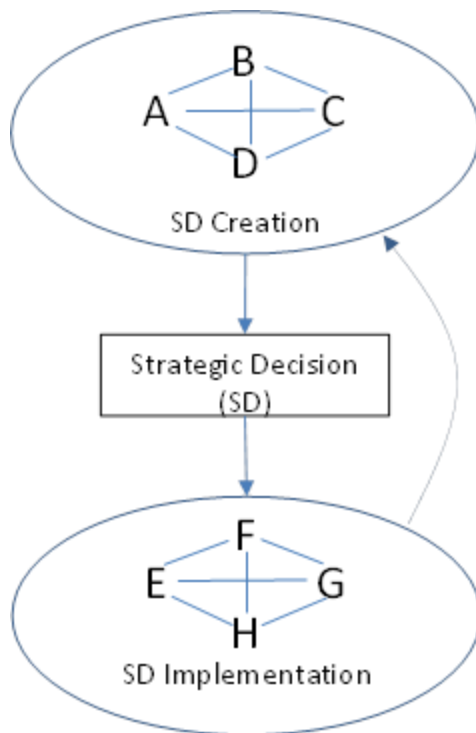
**Figure 22** depicts the iterative nature of SD’s creation-implementation process. This is a simple and high level representation of really complex activities that hide behind it.

**Figure 22** can be detailed with the elements of the SDCI process as proposed in **Figure 23** where creation and implementation elements are cross interacting with each other.

The final SDCI representation resulted in **Figure 24**.



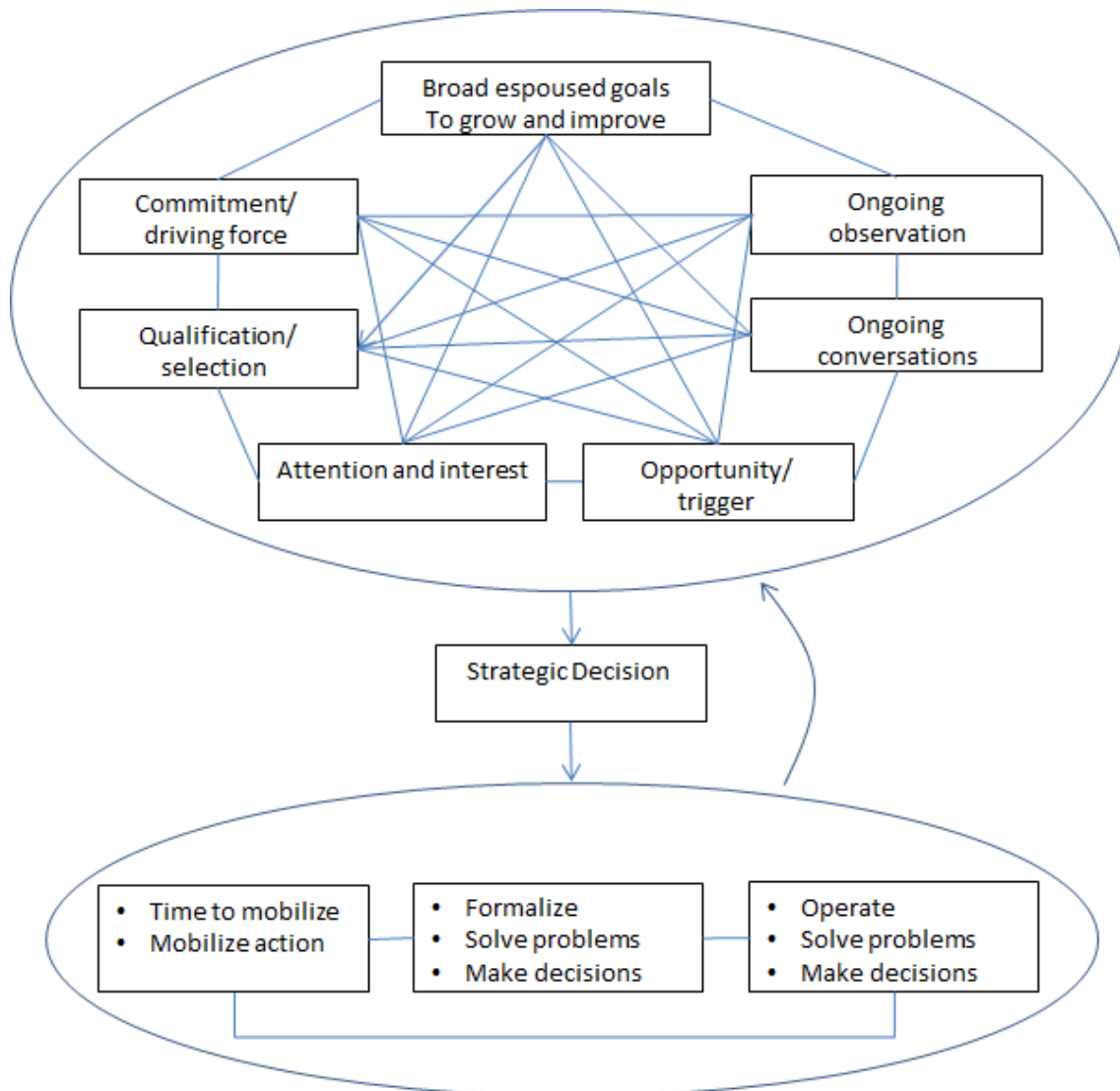
**Figure 22 Iterative nature of the SDCI process**



**Figure 23 An alternative high level view of the SDCI process**

This process addressed the overarching research problem and uncovered a process that does not match with what SD's literature prescribes or describes as reviewed in the literature review in **sub-sections 1.2.2.2-1.2.2.4** above. The uncovered process resonates with Nutt and Wilson's (2010, p. 6) question "whether we could map the progress of a strategic decision and make

inferences about why such processes might occur.” It supports empirically Nutt and Wilson’s (2010, p. 7) argument that “Decision making is a blend of individual interactions and the organizational context over time and is not necessarily a step by step or a logical sequence”, or necessarily a formal plan.



**Figure 24 The SDCI process – the final representation**

Unlike the view implied by the formulaic, step-wise perspectives (e.g. Chandler, 1962; Christensen et al, 1965), this research has shown that the SDCI process is not only nonlinear, but also a highly iterative web of activities. It is not creation alone or implementation alone as two extremes. It integrates creation and

implementation activities in one holistic process. These activities are not ordered as the models of Learned et al (1965), Corner et al (1994, p. 296), and Teece (2007) might otherwise lead one to believe. SD's are neither highly emergent accidentally or serendipitously (Mintzberg et al, 1998, p. 177) nor a highly ordered rational plan. SDCI is situated somewhere in between these two extremes.

The process has also shown that it has features that stem from MOC that fits into the social school of thought. The process was explained - and slightly altered - using the sensemaking perspective as a theoretical lens. The SDCI creation-implementation process is aligned with sensemaking cognition-action processes.

The SDCI process can be also thought of as an instance of sensemaking in the context of SD's. The process revealed that firms are trying to make sense of the situations they are experiencing and the SD's they are creating and implementing. This finding connects with studies that link sensemaking and social studies with organization theory and MOC research such as Weick's (1995) work on sensemaking; Cassell and Daniels's (1998) work on the role that psychology plays in enabling managers to understand the analysis, debates, and pursued actions; Mantere's (2000) work on sensemaking and its accommodation of non-linear, complex nature of human interactions and interpretations; and Balogun et al's (2015) work on sensemaking and the factors that account for the dynamics of change including the impact of dual roles of senior manager as recipients or agents of change, context, and evolution of change on sensemaking and the construction of meaning. Other related studies on sensemaking are discussed in detail in **Chapter 5**.

On the practitioners' side, the executives found the process and the associated checklist easy to understand and use. The executives could identify areas of improvements through reflecting on the checklist questions in relation to the SD's that they have created and implemented. The process and checklist have potential to improve SD's creation and implementation of the firms. Accordingly, it has potential to improve their overall performance.



## 1.4 Contributions

This section provides conclusions on the domains of contributions. Also, it provides some limitations of this research.

### 1.4.1 Contribution domains

Inspired by the contribution domains as used by Cranfield School of Management, **Table 6** lists the contributions of this research to knowledge and practice.

The contributions span both theoretical and practical domain and extend from confirmation of some of what has been known in literature to proposing new knowledge.

The most notable contributions are: the development of an integrated, holistic SD's creation-implementation (SDCI) process; applying the sensemaking perspective in the context of SD's; and proposing a SD's checklist that can be used as a tool by practitioners to diagnose and analyse SD's. The benefits are possibly improving how SD's are created and implemented and potentially improving the overall firm performance. In addition to that, the proposed integrated SDCI process, which is neither strictly rational nor completely emergent, adds nuance and sophistication to the extant SM and SD's literature.

**Table 6 Contributions domains of this research to knowledge and practice**

Domains of Contribution	Extent of Contribution		
	What has been confirmed?	What has been developed?	What has been found which is new?
Theoretical Knowledge	SD's creation and implementation is a complex social process.	A descriptive process as opposed to highly or overlay rational, and formulaic models.	A more nuanced view and an integrated and a holistic SD's creation-implementation process.  Extending the conversation on SD's in SM literature.  Looking at SD's process as a middle ground process between highly

			emergent and highly formal processes.
Empirical Evidence	Complexity of SD's processes.	Case study data that uncovered an integrated process The application of the sensemaking lens in the study of SDs.	Even though the SDCI model might be regarded as empirically grounded model, which reached empirical saturation, it is not readily generalizable as it is limited to the studied cases in this research.
Methodological approaches	The successful use of case study data and AI analysis procedure to analyse qualitative data.		
Knowledge of Practice	Responses to the need of managers to understand how SD's are created and implemented.	SD's creation-implementation process.	Use of the sensemaking perspective in SD's context to diagnose SD's.  SD's Diagnostic Tool or a checklist of questions to improve the quality of SD's.  Attempt to Improve the quality of SD's, which can potentially improve the overall performance of firms.

The following sub section provides some general observations and personal reflections about the research and DBA.

#### **1.4.2 General Observations and Personal Reflections**

I view this doctorate degree as a managerial learning and development process, which has helped me, as a practitioner, structure and articulate my tacit knowledge, practices, and the collected empirical data of this research on SD's academically.

Prior to this study, the focus of my research was affected by the prevailing literature of formal strategic performance management and controls frameworks. My research intent actually was to employ them as a theoretical means in the research as an attempt to improve organizational performance. While I still consider them as viable tools available to practitioners, the findings of this research have revealed that other approaches and tools are in fact viable and available.

This research has brought to my consciousness and crystalized the important role of SD's in the life of a firm. This was manifested in the form of the developed SDCI process as an approach that I, and probably other practitioners, can use to fulfil our espoused goals and broad desires to improve performance and grow.

I have realized that what I may call strategic thinking, represented in a complex web of continuous thinking and actions, actually underpins a very dynamic and highly iterative and integrated SD's creation-implementation process. Firms can drive and might determine their fate in light of how they strategically think and act and based on the quality of the SD's that they create and implement successfully. These SD's as they happen on the ground are of a primary importance to firms regardless of the label or terminology that is attributed to them. For example, some academics regard SD's as a small part of a bigger and emerging strategy. Others regard them as the strategy itself. These thinking-action driven SD's are very important whether they are looked at as an explicit pattern of a formal strategy or an implied informal strategy.

Like any other SM frameworks or tools, the SDCI process can be a helpful descriptive tool to the executives, decision makers, management teams, or firms if it is used faithfully, openly, and seriously to reflect on or diagnose how they create and implement SD's. This self-reflection process can possibly improve SM and the firms' overall performance.

Broadly speaking, and irrespective of the particular descriptive or prescriptive management tool that is available to practitioners to use in medium to large firms like the case of this research or in small or even very large organizations,

it is the dynamic strategic thinking-action process that actually what gives that tool a spirit or soul.

Overwhelmed by the on-going business duties and pressured by the limited time, practitioners might tend to focus on action and undermine or neglect thinking. On the other hand, some practitioners might focus on thinking or rationality and marginalize or paralyze action. These two extreme cases can be dangerous. The art and science of SM then rise when the firms or management teams strive to integrate thinking and action and try to strike a balance between them in a timely manner in the given circumstances and business settings. The results or performance and applied learning at the end are the judge, especially when excessive individualism and politics are avoided or minimized where collective efforts and harmony are needed to succeed.

Putting the results of this research into the context of bigger themes, the results can mean a more dynamic and flexible framework or view point of “performance management” and “strategy” in the sense of providing an alternative, yet an integrated and relatively more practical approach to thinking and action than the available formal and prescriptive models or frameworks. In this sense, the combined thinking and coherent actions of the SD’s, not only the prescriptive, highly formal strategy, become also the focal point of attention in performance management and control systems.

### **1.4.3 Limitations**

This research is qualitative. Therefore its results are not readily generalizable to the wider population. This limitation, however, can be mitigated through conducting comparative studies in different contexts.

Also, the study intended to look into the process holistically. Consequently, the roles and aspects of the elements of the process such as interaction, language, politics, and power were not studied. The process, however, consists of elements that can trigger future research specifically focused on each element, taking into consideration other factors such as context (i.e. countries and regions, organization structure, public and military organizations, international

firms, and different levels of people and functions), different views of SD's (i.e. definitions or conceptualization and schools of thought) and contingency.

In fact, some of these limitations have been addressed by Schwenk (1988; 1989) who proposed an “integrative model of cognitions in strategic decision making” and argued that there are political and organizational factors (i.e. top management teams and organization structures) that can affect cognitive factors in explaining strategic changes. I recognize the importance of these factors, which constitute a research agenda by themselves.

## **1.5 The overall roadmap of the Scoping Study and Projects**

The following sub-sections- provide an overall roadmap of the research as it developed chronologically and describes briefly the scoping study.

### **1.5.1 The overall roadmap and structure of this research**

**Figure 25** depicts the overall roadmap of the research. What is intriguing about this roadmap is its emergent nature. The outcome of every stage gave rise to and triggered the next stage and its corresponding results. The learning development process and the gained experiences in the theoretical knowledge and practice played a great role in the progress and final outcome of this research.

This DBA research was motivated initially by my very broad desire to improve the performance of firms operating in the Kingdom of Saudi Arabia (KSA), which is considered as a leading economy in the Middle East (ME). That view was narrow as the focus was on the country rather than the state of knowledge in literature.

Despite the strong economic position of this country as noted here and in the SS, the choice of the context of KSA or the ME at that stage was not deliberate. It was simply a convenient one. Cross-cultural issues and differences were not part of the objective of this study. Performance management (PM) was seen as the umbrella of my DBA research.

A pre scoping study or preliminary literature review was conducted. I have reached to the general understanding that PM and strategy implementation (SI) literature have been converging or overlapping and conversing on related topics and issues. See **Appendix A**.

Next, the scoping study reviewed SI literature and resulted in groups of factors or enablers of successful SI literature. I have found that factors were largely covered also with a recently published comprehensive PM framework for Ferreira and Otley (2009). This gave me an assurance that my review was comprehensive and sound relative to published SI/PM literature. On the other hand, the drawback of this direction was that it did not add a lot of theoretical or practical value to our knowledge about SI or PM. The direction than was corrected by aiming to conduct an empirical research as opposed to a theoretical one. P1 was then launched.

P1 not only departed from theoretical factors but also came closer to strategy field. The empirical study was focused on SD's. It was about understanding the 'what' factors or enablers that could help in implementing SD's successfully. As noted above in **sub-section 1.3.3.1**, the results were not enough to claim substantial contributions to theoretical knowledge or the world of practice. P2 then was carried out.

P2 analysed the collected and additional empirical data in order to look for a descriptive process that shows 'how' firms create and implement SD's. The outcome was an integrated SD's creation-implementation (SDCI) process. This process was a major outcome from this research. The ambition, however, emerged to investigate the meaning of the process and explain it using a theoretical lens.

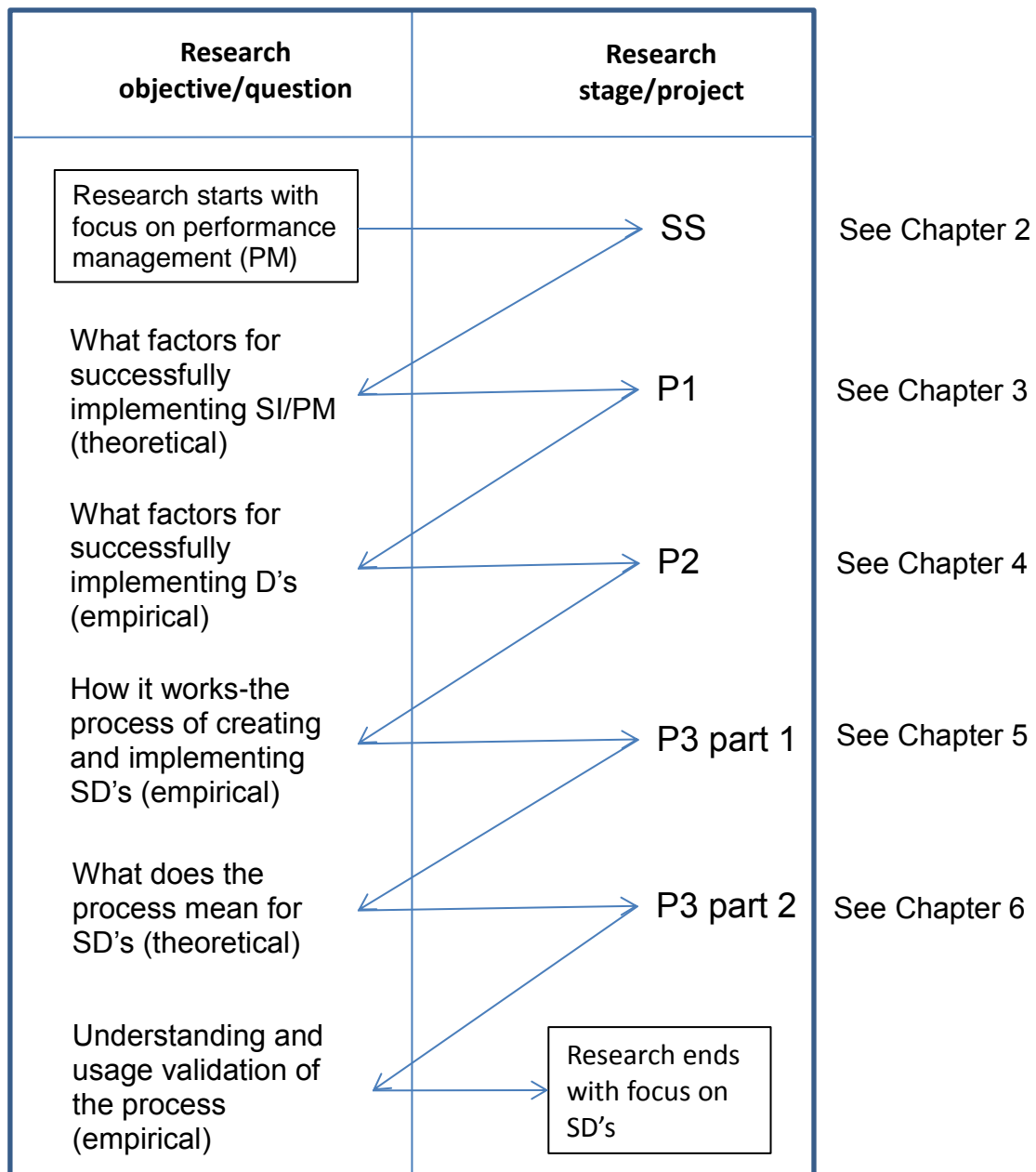
P3 then was carried out. At this advance stage of the research it was even more evident that the research was not about the context or social differences or aspects. It was really about the state of our knowledge of SD's, taking into consideration the limited generalizability of the results of qualitative research.

As noted in **sub-section 1.3.3.2**, P3 attempted to explain SDCI using sensemaking perspective. The outcome was a minor alteration to SDCI process to fine tune it using the vocabulary of sensemaking. SDCI was an instance of sensemaking in the context of SD's. The next emerging outlook was to apply the process in practice. P3 was extended to achieve this objective. In this extension of P3, an empirical study was conducted to assess the understandability and usability of the process.

As noted in **sub-section 1.3.3.3**, this resulted in the development of a diagnostic tool or checklist that could be used by practitioners to improve the quality of their SD's. The final net effect is potentially improving the quality of SD's through creating and implementing possibly successful SD's that can potentially improve the overall performance of the firm.

The rest of this thesis covers in detail the SS and P1 to P3 in **Chapters 2 to 6** respectively. These chapters present the progressive and incremental research material as depicted in **Figure 25** in the next page.

The next chapter presents the SS.



**Figure 25 Overall roadmap of the DBA research**



## **2 CHAPTER 2 – Scoping Study (SS)**

### **2.1 Introduction**

Developing a competitive strategy is indeed a difficult management task, “but making strategy work is more difficult than the task of strategy making” (Hrebiniak, 2005, p. 3). Strategy implementation or execution takes longer than formulation, is a process rather than a single task, is affected by a lot of factors, involves more people, and faces a lot of challenges and obstacles (Hrebiniak, 2005, pg. 10-14). Empirical evidence suggests that implementation in practice is full of difficulties that generally fails expectations (Nutt, 1983). In an agreement to the above, Al-Ghamdi (1998) reported that “Much of the shortcomings in the strategy area are attributable to failures in the implementation process rather than in the formulation of strategy itself” (Al-Ghamdi, 1998, as reported in Beer et al, 1990). Also, study after study puts the failure rate of strategies or strategic decisions between 60% and 90% (e.g. Mankins and Steels, 2005; Miller, 2002, p. 544; Bigler, 2011, p. 29).

Despite the apparent importance of effective strategy implementation, literature has indicated that “there has been a higher focus in the strategy field on strategy formulation and its links with organizational outcomes, with insufficient attention to the intervening process of implementation” (Heracleous, 2000, as reported in Smith and Kofron, 1996). Also, Al-Ghamdi (1998) mentioned that “Over 15 years ago, Alexander (1985) claimed that the overwhelming majority of the literature has been on the formulation side of the strategy and only lip service has been given to the other side of the coin, namely strategy implementation”. Furthermore, Pryor et al (2007) mentioned that “Whereas strategy formation has received robust examination in the literature, explicit guidance toward strategy implementation has been meagre. Unfortunately, most strategic planning efforts fail during this crucial phase wasting significant resources already invested.”

However, over the last three decades research has started to address various aspects of strategy implementation or execution and analyse the factors and

attributes of effective strategy implementation. Successful strategy or strategic decisions implementation can be operationalized by the criteria of implementing them within the expected timeframe, within-budget, meeting the initial financial goals, and learning outcomes as adapted from Al-Ghamdi (1998, p. 327). In these criteria, I have added learning due to my experience and knowledge about its importance in management. Literature, however, does not claim that following the proposed strategy implementation solutions necessarily guarantees success. It is indeed a challenging endeavour of strategic management (Thompson and Strickland, 1995, pg.239).

Consequently, a lot of studies have been published and a body of knowledge has emerged from the interrelated fields of strategy and performance management as clarified in the review of the state of knowledge of Strategy implementation section. A lot of factors, guidelines, models, and frameworks of strategy implementation (SI) and performance management (PM) have been proposed in the last thirty years. These studies have originated and been investigated mainly in Western context such as Europe and North America. Relatively speaking, it is perceived that far less comparable strategic management studies have been conducted in developing countries or Middle Eastern contexts such as Saudi Arabia (Kassem, 1989; Efendioglu and Karabulut, 2008; Aldehayyat and Anchor, 2008; Al-Shaikh, 2001) and in other countries of the Gulf Cooperation Council (GCC) that include Saudi Arabia, Kuwait, Oman, Qatar, United Arab Emirates, and Bahrain. Countries of this region share similar cultural, social, and oil and petrochemical based economies.

Search results using Cranfield University (CU) online ABI database indicated further that published studies on strategic management processes and performance management in the Gulf Cooperation Council are relatively scarce and address specific topics in a specific sector or industry. See **Appendix B**. These studies include strategic planning, communicating strategy, and strategic orientation of managers (e.g. Al Ghamdi, 2005; Al-Ghamdi et al, 2007; Yusuf and Saffum, 2009 Al-Shaikh, 2001; Mahasneh, 2004) and performance

measurement, management, and control related to a specific scope such as education, information technology, banking, stock, enterprise resource planning (ERP), balanced scorecards and budget planning (e.g. Abu-Musa, 2010; Al-Zufairi, 2006; Eljelly and Alghurair, 2001; Al-Mudimigh, 2009; Mostafa, 2007; Al-Turki and Duffuaa, 2003; Ramanathan. 2006; Muharrami, 2007; Al-Heizan, 2003; Cobbold at al, 2004; Joshi et al, 2003; Abu Elanain, 2008). The methods used in these studies varied from case studies, to questionnaires, to interviews. On the other hand, there is a clear absence of studies that take the holistic approach or integrates knowledge from SI and PM fields.

From my knowledge and experience, firms in Saudi Arabia generally do not apply formally all the published strategy implementation and performance management practices, but they are still thriving to perform. In fact, the Saudi economy has a distinguished economic position. Accounting for “24% of the 20-member Arab League and 50% of the GCC GDP, Saudi Arabia is the economic powerhouse of the Arab world” (Jeffreys, 2009). Therefore, this scoping study deals with investigating the phenomenon of strategy implementation and performance management practices in Saudi Arabia, the largest member state of the GCC. This unique economic status makes it a rich avenue to investigate the answers for the research question of: what are the practices of implementing strategies or strategic decisions successfully?

It is very important to note here that the choice of KSA was not a deliberate one. It was based on convenience. The study does not intend or aim to look into social and cultural factors or differences. It aims to look into strategy or strategic decisions as the phenomenon under study.

With the above background and expectation in mind, I am motivated and interested in conducting an empirical study that can unearth the actual SI practices of firms and contribute to our understanding of what matters to the firms as will be articulated by their management and executives. The aim is to add to our knowledge about what is going on in practice. The question that comes to the mind next is whether the practices are similar to or different from those addressed in literature. So, the second question intends to compare the

practices relative to a base line that is grounded on literature on strategy implementation and performance management. The framework of Ferreira and Otley (2009) will be utilized for this purpose. The next section goes in detail through the development and justification of this choice of the framework of Ferreira and Otley (2009).

Therefore, the purpose of the scoping study is to review the related literature in order to establish that baseline or reference or state of knowledge against which the results of the empirical study (that is done in Project 1 in **Chapter 3**) will be compared.

This scoping study is organized as follows: **section 2.2** literature review, **section 2.3** method and data, **section 2.4** findings, **section 2.5** discussions, **section 2.6** review summary, and **section 2.7** going next.

## **2.2 Literature Review**

As mentioned above, the quest to develop SI/PM systems has never stopped since three decades and resulted in the development of lot of empirical, conceptual, and practitioner-based factors, guidelines, models, and frameworks. In my view, and for the purpose of this study as discussed below, SI, PM, and management control systems (MCS) fields have been converging. The following sub-sections discuss this point in detail. Also, the terms strategy implementation and strategy execution are used interchangeably in this study.

Furthermore, in this section I review literature with a focus on seminal articles that shaped up the landscape of these interrelated fields. My background with SI/PM literature and practice prompted me to choose a relatively comprehensive framework that I can use to answer one of the questions in my research (How are the practices different?). However, using hunch only is not scientific if not supported with evidence. Therefore, a relatively comprehensive literature review, which was conducted up front with the original aim of mainly to understand what literature says about IS, was found necessary in order to allow for the natural and unbiased emergence of the factors that affect SI. These factors were then compared against the framework of choice of Ferreira and

Otley (2009) in order to verify its comprehensiveness against the literature and justify my choice.

Also, it would be necessary at this point to discuss in **sub-section 2.1** the relationship and convergence of SI, PM, and MCS in order to justify borrowing a PM/MCS-based framework to investigate SI factors and practices before exploring SI factors in the literature in **sub-section 2.2.1**.

## **2.2.1 The relationship and convergence of SI, PM, and MCS**

The following paragraphs shed some light on the origins of SI and PM

### **2.2.1.1 Origins of SI and PM and the overlap with organization theory**

Even though PM/MCS and SI have emerged from two different areas, both fields are conversing now about similar issues and factors. With respect to strategic management, it is believed that publication of Adam Smith's 'The Wealth of Nations' in 1776 has been described as "the effective birth of economics as a separate discipline" (Blaug, 2007). According to Rumelt et al. (1994, as reported by Furrer and Goussevskaia, 2008), the "prehistory of strategic management as an academic field lies in studies of economic organization and bureaucracy". As Furrer and Goussevskaia (2008) reported, from 1940's until 1980's various strategic management concepts were introduced such as linking the study of organization with economic ideas, the 'process approach' exemplified by Quinn's (1980a) 'logical incrementalism', Mintzberg and Waters's (1978, 1985) 'emergent strategy', industrial organization economics (e.g. Porter 1979, 1980, 1981, 1985), structure–conduct–performance (S–C–P) paradigm, firm's internal structure, resources and capabilities such as transaction costs economics, agency theory, the theory of invisible assets, competence-based theories, and resource-based theory.

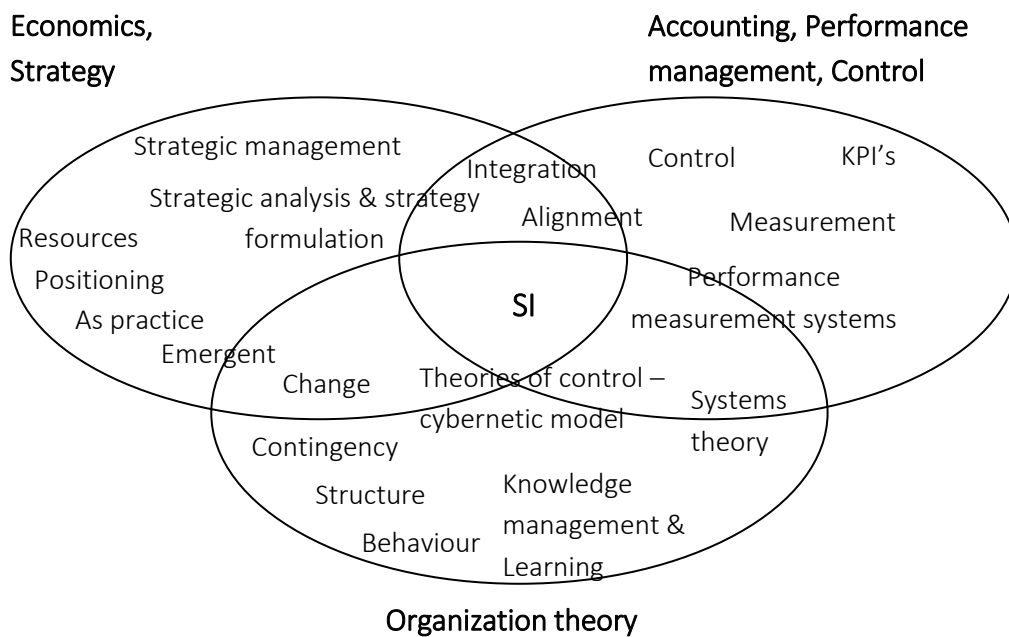
On the other hand, the origins of PM/MCS can be traced back to 15<sup>th</sup> century with the Invention of the double-entry bookkeeping (Eccles, 1991). In the 1920's, basic principles of accounting were introduced by Du Pont (Neely, 2005). 'Tableau de bord', the first performance scorecard, was introduced in the 1930's (Brudan, 2008). The works on performance measurement started to emerge,

and in 1950's the works on dysfunctional measurement and balanced set of measures were published (e.g. Ridgway, 1956; Drucker, 1954 in Neely, 2005; and BSC-type system by General Electric noted in Brudan, 2008). In 1980's, discussions of the issues and problems of performance measurement and management and the concepts of shareholder value and value based management started to appear (Neely, 2005; Verweire and Berghe, 2004, pp. 24-27).

Since the 1980's, more attention started to be given to SI as detailed in the literature review in the next section. Also, in 1980's PM started to be linked to strategy and turn into management (Taticchi, 2010). As a matter of fact, "strategy was not used explicitly as a variable in MCS research until the 1980's. This is surprising considering the field of business strategy or business policy has become increasingly important since it emerged" in the 1950's (Chandler, 1962 as reported in Langfield-Smith, 2007). Similar to what was done in the SI field, tens of models and frameworks have been proposed with the main theme of linking PM to strategy (Neely, 2005; Taticchi, 2010).

Put them together, SI and PM fields are multi-disciplinary in nature and overlap with the core concepts and theories of organization theory and modernist and interpretive influences. Also, they overlap with functional areas such as human resources, project management, operations management, information system, and business intelligence. **Figure 26** depicts a general view of some concepts addressed by SI and PM as detailed in the subsequent section and some of the core concepts addressed by Hatch (2006) and Daft (1998) in their books of organization theory.

As indicated above, SI is the area of focus in my research. The approach is going to be holistic and the unit of analysis is the company.



**Figure 26 A general view of SI/PM fields and the overlap with organization theory**

The following two sub-sections track some published major SI, PM, and MCS frameworks and discuss the point of convergence.

### 2.2.1.2 Relationship of PM and SI

Various PM frameworks and guidelines have been proposed (e.g. Brudan, 2010; Ferreira and Otley, 2009; Kaplan and Norton, 2008; Frolick and Ariyachandra, 2006; Armstrong, 2006; Verweire and Berghe, 2004; Kaplan and Norton, 2004; Neely et al, 2002; Kaplan and Norton, 2001; Otley, 1999; Bititci et al, 1997; Lebas, 1995; Kaplan and Norton, 1992). Consequently, several definitions for PM have been proposed and clearly linked PM to strategy as reviewed below.

Brudan, A. (2010) defined PM as “the overarching process that deals with performance. It reflects the approach one entity has towards performance and it includes sub processes such as: strategy definition (planning/goal setting), strategy execution, training, and performance measurement”. Brudan added, “Thus, performance measurement is a sub process of performance management that focuses on the identification, tracking and communication of performance results by the use of performance indicators”.

Ferreira and Otley (2009) defined PM as “the evolving formal and informal mechanisms, processes, systems, and networks used by organizations for conveying the key objectives and goals elicited by management, for assisting the strategic process and on-going management through analysis, planning, measurement, control, rewarding, and broadly managing performance, and for supporting and facilitating organizational learning and change.” The authors mentioned another working definition of a performance management system by indicating that it “includes both the formal mechanisms, processes, systems, and networks used by organizations, and also the more subtle, yet important, informal controls that are used”

Kourtit and de Waal (2009) defined strategic PM as “the process where steering of the organization takes place through the systematic definition of mission, strategy and objectives of the organization, making these measurable through critical success factors and key performance indicators, in order to be able to take corrective actions to keep the organization on track” de Waal (2007).

Armstrong (2006, p. 9) mentioned that PM can be defined as “a systematic process for improving organizational performance by developing the performance of individuals and teams”. Armstrong also reported other definitions of performance management by others such as “the development of individuals with competence and commitment, working towards the achievement of shared meaningful objectives within an organisation which supports and encourages their achievement” (Lockett, 1992), “managing the business” (Mohrman et al, 1995), “the process of directing and supporting employees to work as effectively and efficiently as possible in line with the needs of the organization” (Walters, 1995, p. 3), and “a strategic and integrated approach to delivering sustained success to organisations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors” (Armstrong and Baron, 1998, p. 7).

Marr (2004) defined business PM as the “organisational approach to assess and monitor performance in relation to set goals and objectives. It encompasses



methodologies, frameworks and indicators that are used to help organisations in the formulation and assessment of the strategy, to motivate people and to communicate or report performance to external stakeholders”

Verweir and Berghe (2004, p.6) defined PM as “a process that helps an organization to formulate, implement, and change its strategy in order to satisfy its stakeholders’ needs.” Then Verweir and Berghe added that “The ultimate goal of performance management is to achieve sustainable organizational performance.”

With respect to integrated PM, Verweir and Berghe (2004, p.9) mentioned that “all performance management processes and activities should be linked to the organization’s strategy ... should focus attention on those critical activities that, if done well, will lead to competitive advantage and long-term growth ... Thus, strategy is a central element for every performance management system”. Verweir and Berghe then indicated that “achieving integration between the long-term strategy and operational performance is crucial. Therefore, strategy has to be made operational!.”

Bititci et al (1997) defined PM as “the process by which the company manages its performance in line with its corporate and functional strategies and objectives.” Bititci et al then added that the objective of this process is “to provide a proactive closed loop control system, where the corporate and functional strategies are deployed to all business processes, activities, tasks and personnel, and feedback is obtained through the performance measurement system to enable appropriate management decisions” .

In essence, the PM process “defines how and uses various systems to manage its performance.” Bititci et al (1997). The performance measurement system “is the information system which is at the heart of the performance management process and it is of critical importance to the effective and efficient functioning of the performance management system” Bititci et al (1997).

Finally, Gimbert, Bisbe, and Mendoza (2010) argued for the use of performance management and strategic performance measurement systems in the intertwining strategy formulation process.

The above quick review and definitions have touched various aspects of PM from measurement, to information systems, to processes, to control and tracking, to stakeholders and goals, to feedback and learning, to change process, to integration and alignment, to people and rewards, yet they all have a consensus on the central role of strategy in PM. Indeed, strategy is central to performance and performance is central to strategy Furrer and Goussevskiaia (2008). So, it can be argued that both fields are conversing about similar main issues: strategy and performance.

### **2.2.1.3 Relationship of MCS to SI and PM**

The seminal articles of Otley (1999, 2003) and Simons (1994, 1995) have addressed the relationship between MCS and SI and PM. It is worth noting that the PM framework of Otley (1999) and the 'levers of control' framework of Simons (1995) are key building blocks of the PM framework proposed by Ferreira and Otley (2009).

Otley (1999) looked at MCS from a broader perspective of PM and SI for executing strategy addressing strategy and controls "beyond the traditional boundaries of management accounting" and performance measurement. Otley (2003) mentioned that MCS transitioned into PM. Otley's (1999) framework is structured around five key issues that relate to the key objectives; the adopted strategies, plans, processes, and activities; performance measurement and target setting; rewards system; and feed-back and feed-forward information flows, learning, and adapting.

From the perspective of strategy execution, Simons (1994, 1995) proposed a management control framework for effective SI. The four basic levers are: beliefs system, "boundary systems, diagnostic control systems, and interactive control".

MCS notion has been extended from the limited management control activities to include all the “means considered by senior managers to successfully implement their intended strategies” (Simon 1995 as reported in Fereirra and Otley 2009) and contains the complete strategic process that includes both strategic formulation and implementation (Mintzberg, 1978 and Merchant and Otley, 2007 as noted in Fereirra and Otley, 2009).

Furthermore, the disconnect between strategic planning and management control has been criticized by Langfield-Smith (2007) who emphasized the relationship between MCS and strategy formulation and SI in his earlier MCS studies.

Hence, the convergence of the interrelated MCS and PM fields into the field of strategy implementation, which is the phenomenon that I intend to study at the organization level or unit of analysis. In addition to the results of the literature review presented in **sub-section 2.2.2** below, the above discussion provided additional support for my choice of using Fereirra’s and Otley’s (2009) framework. This is in the sense that distinguishing between an IS framework or a PM/MCS framework as described above is irrelevant for the purpose of my study.

### **2.2.2 Strategy implementation factors, guidelines, models, and frameworks**

Some studies have focused on a limited number of strategy implementation factors in a way to reduce complexity and provide in depth results. Others have taken the integrated approach by studying a host of intertwining factors that can have a collective impact on effective strategy implementation. For example, Verweire and Berghe (2004) mentioned, “despite the large number of tools and frameworks, current attempts to tackle the issue [integrated performance management as a guide to strategy implementation] are fragmented and focus only upon specific aspects of the overall aspect of performance management challenge”.

Pryor et al (2007) agreed with the above and mentioned that “Whereas strategy formation has received robust examination in the literature, explicit guidance toward strategy implementation has been meagre. Unfortunately, most strategic planning efforts fail during this crucial phase wasting significant resources already invested”. One reason for the dreadful success rate, Pryor et al added, “is the lack of an integrated viewpoint” (Beer and Eisenstat, 2000; Raps, 2004 as reported in Pryor et al, 2007).

Also, Speculand (2006) indicated that strategy implementation, change, or transformation is done by “considering a host of elements at the same time, not one at a time”. Speculand added, “implementation is not a single decision or action but a cluster of structured and sustained activities over a period of time” that address most, if not all, the factors distilled in this preliminary study.

In this study, I adopt the integrated or holistic approach based on the premise that there are multiple factors that are at play during strategy implementation or execution.

The next sub-section provides the definitions of SI/PM, effective SI, and strategic decisions (SD's) adopted in this SS.

### **2.2.3 Definitions**

With the above literature review and convergence of SI and PM in mind, I adopt the following definitions for SI/PM, effective SI, and strategic decisions.

#### **2.2.3.1 SI/PM**

Hrebiniak (2005, pg.3) mentioned that strategy execution is “a disciplined process or logical set of connected activities that enables an organization to take a strategy and make it work.” Hrebiniak added, “Without a careful, planned approach to execution, strategic goals cannot be attained.” And this is what the broad meaning of PM is actually all about. Therefore I borrow the detailed definition proposed by Ferreira and Otley (2009) to define SI/PM as “the evolving formal and informal mechanisms, processes, systems, and networks used by organizations for conveying the key objectives and goals elicited by

management, for assisting the strategic process and on-going management through analysis, planning, measurement, control, rewarding, and broadly managing performance, and for supporting and facilitating organizational learning and change.”

#### **2.2.3.2 Effective SI**

As noted above in the Introduction in **section 2.1**, effective or successful strategy or strategic decision implementation can be operationalized as their realization within timeframe, within budget or allocated resources, initial financial goals, and learning outcomes (as adapted from Al-Ghamdi, 1998, p. 327).

#### **2.2.3.3 Strategic decisions**

Strategic decisions are overarching decisions, made by top management, have broad implications, require a lot of resources and commitments at all levels, are future oriented, and affect the firm’s long-term prosperity (Pearce and Robinson, 2009, pg.8-12). Types of strategic decisions implemented include (Al-Ghamdi, 1998): “introduce a new product or service, open and start up a new plant or facility, expand operations to enter new market, discontinue a product or withdraw from market, acquire or merge with another company, change the strategy in an operational department,” and others.

### **2.3 Method and Data**

The online ABI database on Cranfield University Website was used to search for relevant articles. **Appendix C** contains the list of SI/PM articles that have been reviewed and cover several guidelines, models, and frameworks. The literature review process started by using search strings as shown in **Appendix D**. These primary search strings have been combined into the following collective search strings related to strategy implementation and execution respectively:

- (Strategy implementation OR "implementation of strategy" OR "implementation of strategies" OR implementing strategy OR

implementing strategies) AND (((success\* OR effective\*) AND (factor\* OR driver\* OR characteristic\* OR imperative\* OR determinant\* OR condition\* OR requirement\* OR lever\* OR "lessons learned")) OR (barrier\* OR obstacle\* OR fail\* OR hinder\*)) AND

- (Strategy execution OR "execution of strategy" OR "execution of strategies" OR executing strategy OR executing strategies) AND (((success\* OR effective\*) AND (factor\* OR driver\* OR characteristic\* OR imperative\* OR determinant\* OR condition\* OR requirement\* OR lever\* OR "lessons learned")) OR (barrier\* OR obstacle\* OR fail\* OR hinder\*))

The first search yielded 93 articles and the second search yielded 29 articles (aside from the 18 usable GCC articles in **Appendix B**. All these articles were downloaded and exported to an online references engine (RefWorks). The articles were then reviewed. There were 86 usable articles from the total of 122 downloaded articles. These were beside the around 30 additional PM/MCS and SI articles that I have downloaded from Search Point and Google Scholar, or received through my supervisor, or tracked through citations of other references. Among the additional articles that were reviewed the work of Okumus (2003) was very helpful as an SI literature review reference. The author reviewed a large number of SI articles and classified them into conceptual, empirical, and international. Okumus' (2003) SI framework was reviewed and added to the list of published factors.

Before delving into the realm of implementation or execution factors, it is worth noting that mainly case study method, with mainly 1 or very few cases covering limited number of factors, dominated qualitative studies. Also, the results show that the studies were conducted mainly in a manufacturing industry or context. This can prompt for conducting qualitative studies using different methods and in different sectors such as services. With respect to the empirical quantitative studies, it was noticed that the range of countries or contexts were limited. This can be a potential gap. Studies in other countries and contexts can be explored as "it is these social, cross-national and cultural aspects [beside the economic

aspect] that make the study of control systems [MCS/PM] such a fascinating topic for academic research and such a challenge to the practitioner.” (Otley, 1999).

## **2.4 Findings**

### **2.4.1 SI factors search results and discussions**

The overall review process, which was lengthy, yielded around 230 factors or enablers that emerged from literature. The factors were tabulated and then grouped into 10 groups as listed below:

- Communication
- Organization design, structure, infrastructure, systems, processes, information, and capabilities
- Planning and operations/activities/actions
- Control, measurement, learning, adaptability, change, and use of measures and systems
- Leadership and management style
- People and Rewards
- Strategy and contents
- Other Contextual factors, culture, and contingency
- Outcomes
- Overcoming obstacles

The factors or sub factors of each group are listed in **Table 7 to Table 15**. Refer to **Table 16** for a mapping of these factors to those that are proposed by Ferreira and Otley (2009). In order to explore SI factors further and verify the suitability of the framework as a reference point, some SI obstacles are listed and mapped to the framework in **Table 17**.

It can be easily noticed that some of the factors or aspects are redundant and can be combined into common factors using general terms but I preferred to keep them as is in order to preserve the original terms used by the authors as a

reference. For example, goal deployment can include communicating, articulating, and promoting buying-in goals, which are already addressed. Also, rewards, empowerment, and recognition can be categorized under motivation.

**Table 7** lists some factors that relate to communication. Different facets or angels or aspects of communication can be noticed such as inter-functional, goal, strategy, policy, measures, decisions, and buy-in communication. Visualization is also an interesting aspect of communication that is discussed in literature. Even though this group was not listed as a separate or standalone factor in the 12-factor framework proposed by Ferreira and Otley (2009), communication was addressed by the underlying questions associated with some of the factors of the framework such as communicating vision, mission, plans, strategies, and performance measures.

**Table 7 Communication group of successful SI factors**

Communication - inter-functional
Stakeholders - buy in
Communication - articulating strategic intent
Communication - visualization
Clarity about decision making
Manage internal and external relationships
Goal deployment
Articulate business strategy
Communicate policies
Decision rights - everyone has a good idea of the decision
Review and update measures

The second group is listed in **Table 8**. Organization structure, capabilities, and information are the theme if this group. Like communication, diverse angles have been addressed such as design, structure, functions, power, support, infrastructure, systems (i.e. information, management, control, HR, etc.), processes, tools, capabilities, quality, structure change, integration, alignment, and information systems and technology. Information flow supported with



information systems and technology is a key strategy implementation factor. These factors are fundamentally addressed by Ferreira and Otley (2009).

**Table 8 Org design, structure, infrastructure, systems, processes, information, and capabilities group of successful SI factors**

Org design, structure, infrastructure, systems, processes
Org capabilities
Dynamic capability
Structure - change
Information
Org structure - power
Tools
Functions
Evaluating the capability of an organization
Using BSC to a tool to describe, manage and execute strategy
Match its capabilities to the continuously changing environment
Structure, accountability, responsibility
Human capabilities
Software tools and information technology
Resources
Core capabilities
Process mapping
Policy
Capabilities
Alignment - structures, systems, skills, and style
Lean transformation
Total quality
Impose constrains (what is not strategy)
Avoid risk
Support processes
Corporate structures and Business structures
Structure - Integration
Integration into the fabric of daily work experience

Business processes
Instituting best practices
Improve key processes
Internal business processes
Decision rights - persuade rather than command and control culture

**Table 9** lists the factors that pertain to planning and operations group such as strategic and operating planning, sales plans, long and short term objectives, vision, mission, resource allocation, budgeting, strategic initiatives, scheduling, project management, procedures, actions, alignment and integration, updating, coordination, and operations. These factors convey the story of the complexity of strategy implementation. The questions posed by the framework of Ferreira and Otley (2009) with respect to planning are general and high level but can imply such detailed aspects of planning. For example, Ferreira and Otley (2009) asked, “How are strategies and plans adapted, generated and communicated to managers and employees?” The factors provided in the tables actually point to some aspects that this question calls for or anticipates.

**Table 9 - Planning and operations/activities/actions group of successful SI factors**

Plans - action
Plans - execution
Tactics - functional
Plan - update
Project portfolio management: Object, Portfolio, Decision, Action
Case for action
First small step
Coordination - internal and external
Scheduling
Swiftness
Resource allocation
Procedural

BSC - Scenario planning
Implementation using project management principles
Operations
Objectives
Operational planning and budgeting
Integrative mechanisms
Plan: engage and commit team in planning and implementation
Activities
Stretch goals
Allocating costs
Alignment and integration
Short-term operating objectives
Decision making that is conducive for strategy execution
Developing budgets to steer resources
Policies and procedures
Strategic plan
Define strategic objectives and themes
Select strategic initiatives
Vision, mission, purpose, direction
Deploy short and long term goal to convert plans to actions
Operating plan
Develop sales plan
Plan resource capacity

The group in **Table 10** is the largest group and contains diverse factors such as control systems, measurement, feedback, feed forward, learning, adaptability, change, appraisal, alignment, monitoring, improvement, strategy reviews, operation reviews, coherence, KPI's, interaction and use, and cascading. This group exemplify the core of management control and performance management systems. 'Key performance measures, 'target setting', and 'Performance evaluation' factors of Ferreira and Otley (2009) generally align with these factors.

An objective that I held in mind and wanted to verify during my review was to know whether the notion or concept of 'emergent strategy' (Mintzberg and Waters, 1985) was addressed. This is an aspect that I have found to be fundamental in strategic management literature. I found that there are several factors when taken together do address this concept such as feedback, systematic review, learning, adaptability, change, adjustment, ongoing improvement, and responsiveness. Such factors can help turn a deliberate strategy into an emergent one. Also, this concept was addressed in the factor of 'Plans and Strategies' proposed by Ferreira and Otley (2009) through the question, "How are strategies and plans adapted, generated and communicated to managers and employees?".

**Table 10 Control, measurement, learning, adaptability, change, and use group of successful SI factors**

Control systems
Performance measurement
Feedback
Strategy review
Corrective action
Learning
Adaptability (like emergent in Mintzberg)
Governance
Systematic review and assessment - critical processes /success factors
Evaluation and control
Consistent appraisal
Aligned appraisal
Accountability
Performance appraisal
Change management
Remedies to BSC (continuity and change, proactively)
Performance satisfaction (like an outcome)
Alignment of measure with people, systems, and organization
Control systems

Strategic change
Adaptability
Focus on important measures
Selects what matters
Unify / align individual and organization performance
On-going improvement
Review: measure, adjust, learn, review
Responsiveness
Effectively anticipating competitors' reactions
Feed forward
Desired level of performance
Diagnostic and interactive control
Strategic Uncertainties
Ranking based on performance
Setting scopes of accountability and control
Creating cross-unit teams and matrix accountability
Monitoring
Justifying the need for change
Linking strategic and operation change
Leading change
Coherence
Targets
Review and update measures
Performance metrics
Measure progress with KPI's
Review progress and identify gaps
Hold strategy reviews
Hold operational reviews
Competitive benchmarking
Costs of poor quality products
Interactive nature of use
Cascading

The group in **Table 11** is about leadership. Aspects of commitment, style, ownership, persistence, mobilizing, and support are addressed in literature. Leadership and management style is considered part of culture. Ferreira and Otley (2009) did not address culture explicitly in their framework but acknowledged and stressed its importance. The term ‘leadership’ was not used. The question, “Strategies and plan: What strategies and plans has the organization adopted?”, however, can imply and be operationalized by such aspects in Table 10 and by other factors in ‘communication’, ‘planning and operations’, and ‘people’ in **Tables 7, 10, and 12** such as ‘goal articulation’, ‘engagement’, ‘goal deployment’, and ‘motivation’.

My experience in the field indicates that leadership is a key factor to direct, mobilize for action, and drive strategy implementation at all levels of the organization.

**Table 11 Leadership and management style group of successful SI factors**

• Leadership - Commitment
• Top management - characteristics
• Senior management - style
• Senior management team - effective
• Top - Ownership and support of HR
• Persistence and commitment
• middle-managers - support of
• No micromanaging
• Deliver: mobilize teams
• Decision rights - decision are rarely second guessed once made
• Decision rights - primary role is support

‘People’ can be a hard number in the strategy implementation formula. People can make or break strategies. **Table 12** lists some related aspects that I have

grouped under 'People and motivation'. The aspects revolve around continuous training, behaviour, engagement, motivation, rewards, empowerment, buy-in, teams, recognition, and satisfaction. Ferreira and Otley (2009) addressed the rewards aspect explicitly in the proposed framework under the 'Reward System' factor.

**Table 12 People and motivation group of successful SI factors**

• People - engagement
• People - rewards
• People - motivation
• People - empowerment
• Engagement
• People: behavioural theories
• Buy in as strategy owner
• Behaviour
• Teams
• Motivation
• Training
• Continuous training
• Team leaders
• HRM
• Reinforce
• Team structure
• learning
• Recognition
• Staff
• Commitment
• Empower, enable, encourage
• Able people
• Employee satisfaction

Strategy related aspects are grouped in **Table 13**. Strategy or strategic decision implementation is based on the assumption that a strategy is developed or a strategic decision is made and needs to be implemented or executed. Any strategy “is only as good as its execution” (Porter, 1991), and “Bad strategy begets poor execution and poor outcomes” (Hrebiniak, 2005, p.23). So, management needs to focus first on a sound strategy or strategic decision and know if a sound strategy or strategic decision has been implemented successfully.

By giving each of the strategy and its implementation two possible attributes of good (strong) or bad (poor or deficient), four possible combinations can be generated: good strategy-good implementation, good strategy-bad implementation, bad strategy-good implementation, and bad strategy-bad implementation. It is the first combination that is logically expected to be a good combination for success. As put by Hrebiniak (2005, p.3), “execution is critical to success” as what is the point of developing a world-class strategy and not executing it?

Ferreira and Otley (2009), like many authors (e.g. Hambrick and Cannella, 1989; Otley, 1999; Peters and Waterman, 1982; Kaplan and Norton, 2008; Hrebiniak, 2005; Okumus, 2003; De Feo and Janssen, 2001; Neely, 2005), consider strategy or strategy development as an element of their framework. In fact, strategy formulation and implementation are interrelated. Martin (2010) stresses, “Making a distinction between strategy and execution can do great damage to corporation.” Also, Hrebiniak (2005, pg. 35” asserts that “one cannot talk of execution without focusing first on sound strategy formulation. ... they are highly interdependent. Good planning aids the execution process. Similarly, poor planning begets poor implementation.”

From the list in **Table 13**, the aspects of understanding business drivers, conducting strategic analysis, conducting environmental assessment, alignment, knowing market expectations, knowing the primary customer, developing a strategy map, having a strategic consensus, and examining emerging strategies stand out as important strategy formulation elements.



These aspects are implied in the question posed by Ferreira and Otley (2009), “Strategy and plans: How are strategies and plans adapted, generated and communicated to managers and employees?”

It is important to clarify here that even though the importance of not making a distinction between formulation and implementation as acknowledged above, the intended research is not about investigating the practices of how strategies are developed, but about what practices are used to implement strategic decisions or strategies at various levels of formality and turn them into action, and how these practices are different from literature and from Ferreira’s and Otley’s (2009) framework in particular.

So, what matters to the intents of my research on strategy implementation and performance management is the availability of a strategy that can be executed or operationalized into action. Strategy implementation literature argues that executable strategies should be made explicit, simple, clear, hierarchical, and translatable into more concrete levels that employees can internalize to execute strategies (Porter. 1991; Mintzberg, 1994; Collis and Rukstad, 2008; Hamel and Prahalad, 2005; Martin, 2010; Hrebiniak, 2005).

**Table 13 Strategy and contents group of successful SI factors**

• Alignment
• Strategic consensus
• Deceptiveness (like Ploy in Mintzberg)
• Formulation - contingency approach
• Strategic tasks (alternatives): low cost, high quality, ..
• Understanding business drivers
• Strategy - Institutionalizing
• Purpose: strategic theories
• Competitors are doing the same
• Strategic focus
• Using Rationalist and interpretive approaches together

• market expectations
• Investor expectations (like Neely - Performance Prism)
• Analyse it and decide on an appropriate course of action
• operational analytics
• Pilot/prototype design
• Think: analyse and test
• Primary Customer? (like Neely - Performance Prism)
• Adopted strategies
• Environmental assessment
• Identify critical success factors
• BPM framework and strategy map
• Corporate and business strategies
• Conduct strategic analysis
• Conduct profitability analysis
• Conduct strategy correlation analysis
• Examine emerging strategies

The group in **Table 14** is related to contextual and cultural aspects. Organizational context and culture are not added to the framework explicitly and treated as external influences as Ferreira and Otley (2009) “view them more as contingent variables that might explain why certain patterns of control are more or less effective, rather than characteristics of the control system that need to be incorporated into a description.” In my view, however, some of the listed aspects can actually be factors of effective strategy implementation such as having a positive and supportive organization culture.

**Table 14 Other Contextual factors, culture, and contingency group of successful SI factors**

• Organization culture
• Fault-tolerant environment
• Context

• Contingency - approach to implementation
• Principles: values and culture theories
• Consistent and focused value
• Socio-political environment
• Contingency
• External factors
• Environment
• Size
• Industry
• Work environment and culture that is strategy-sportive
• Strength of Org. culture
• Congruence of org. culture with formal rewards structure

‘Outcomes’ of **Table 15** is not an implementation factor but actually the attained goals as perceived by management and employees. Pettigrew's (1995) change management framework, an influential framework that has been used by some authors to classify performance management and strategy implementation factors, consists of contents, process, and output (e.g. Franco-Santos and Bourn, 2005; Okumus, 2003).

As mentioned in the introduction, effective or successful strategy or strategic decision implementation can be operationalized as the realization of the strategic intents, which might include the attributes of within-timeframe and within-budget implementation, financial and non-financial goal attainment, and learning outcomes. Due to the ever- changing and evolving business conditions, new plans and strategies might emerge. However, strategic intents and main goals themselves might also shift due to new challenges or pressures. This implies further changes in plans and strategies. Effective strategy implementation acknowledges all these changes in intents and strategies and seeks effectiveness though such attributes but pursuant to the new changes.

**Table 15 Outcomes**

Performance
Results
Customer and Financial
Outcomes
Product performance
Competitive performance
Quality improvement
Cost of poor quality
Performance of business processes
Customer satisfaction
Customer loyalty and retention
Customer loyalty and satisfaction

## **2.5 Discussions**

### **2.5.1 PM framework of Ferreira and Otley (2009)**

**Figure 27** depicts the 12-factor framework of Ferreira and Otley (2009).

**Appendix E** lists the factors and the associated questions of framework of Ferreira and Otley (2009), which are mapped to the factors distilled from literature.

**Table 16** shows this mapping.

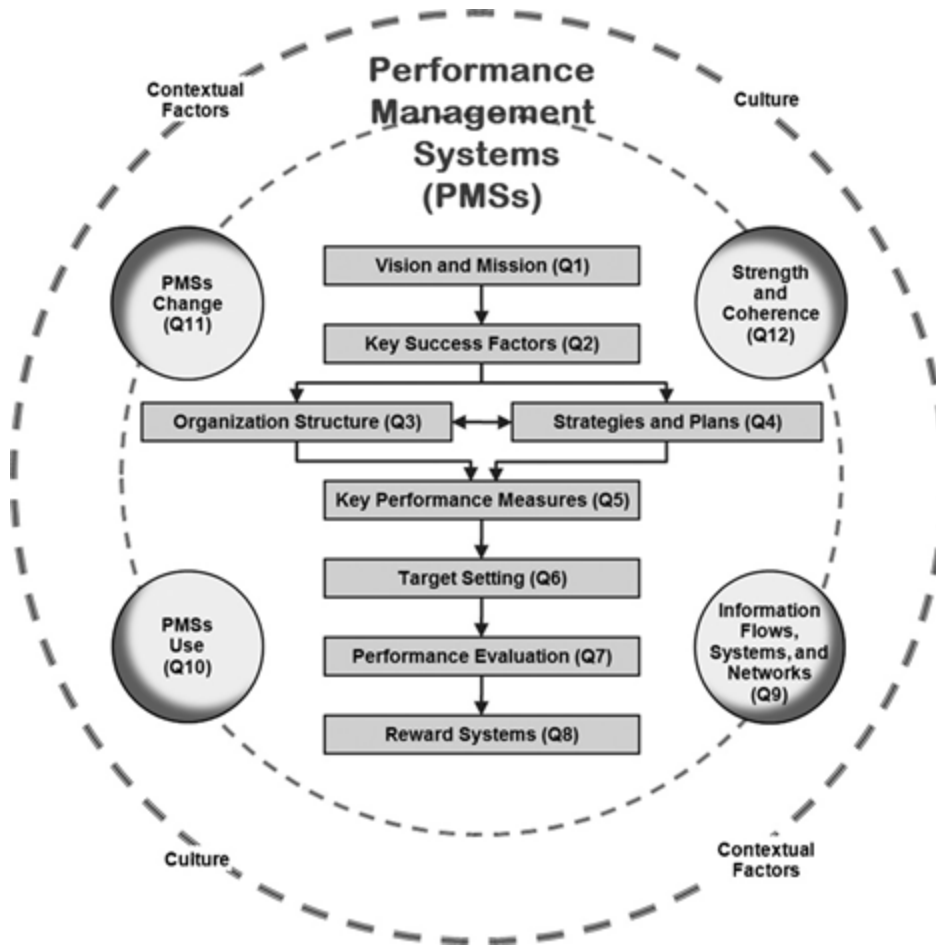


Figure 27 PM framework, Ferreira and Otley (2009)

Table 16 Mapping the reviewed literature (1980-2011) with Ferreira and Otley (2009)

Literature review (1980-2011)	Ferreira and Otley (2009)
Communication	
Goal deployment	Key success factors: “How are they brought to the attention of managers and employees?”
Articulate business strategy	Strategy and plans: “How are strategies and plans adapted, generated and communicated to managers and employees?”
Decision rights - everyone has a good idea of the decision	Vision and Missions: “What mechanisms, processes, and networks are used to convey the organization’s overarching purposes and objectives to its members?”

Review and update measures	Performance measures: “How are these specified and communicated?”
Org design, structure, infrastructure, systems, processes, information, and capabilities	Organization structure: impact on it and its influence, information flows, systems and networks, PMSs use
Org design, structure, infrastructure, systems, processes	“What are the processes and activities that it has decided will be required for it to ensure its success?”
Information	Information: “What specific information flows — feedback and feed-forward — systems and networks has the organization in place to support the operation of its PMSs?” PMSs use:  What type of use is made of information?”
Planning, operations/activities/actions	Strategies and plans, vision and mission
plans - action	Strategy and plans: “How are strategies and plans adapted, generated and communicated to managers and employees?”
Vision, mission, purpose, direction	Vision and mission
Control, measurement, learning, and adaptability, change, use	Key performance measures
Performance measurement	Performance measures: “What are the key measures deriving from its objectives, key success factors, and strategies and plans?”
Systematic review and assessment - critical processes /success factors	Key success factors
Evaluation and control	Performance measures: “What role do they play in performance evaluation? Are there significant omissions?”
Performance appraisal	Performance evaluation. Performance evaluation: “What processes, if any, does the organization follow for evaluating individual, group, and organizational performance? Are performance evaluations primarily objective, subjective or mixed? How important are formal and informal information and controls in these processes?”
Change management Feedback and Feed forward	Change. “How have the PMSs altered in the light of the change dynamics of the organization and its environment? Have the changes in PMSs design or use been made in a proactive or reactive manner?”

Diagnostic and interactive control	PMSs use. “What type of use is made of information? Can these uses be characterized in terms of various typologies in the literature? How do controls and their uses differ at different hierarchical levels?”
Coherence	Strength and coherence. “How strong and coherent are the links between the components of PMSs and the ways in which they are used?”
Targets	Target setting
Performance metrics	Target settings: “What level of performance is needed to achieve each key performance measures? How does it go about setting appropriate performance targets for them? How challenging are those performance targets?”
Interactive nature of use	PMSs use. “What type of use is made of information? Can these uses be characterized in terms of various typologies in the literature?”
Cascading	PMS use: How do controls and their uses differ at different hierarchical levels?
Leadership	Strategies and plan: “What strategies and plans has the organization adopted?”
People People - rewards	Reward systems
People - motivation	“What rewards — financial and/or non-financial — will managers and other employees gain by achieving performance targets or other assessed aspects of performance (or conversely, what penalties will they suffer by failing to achieve them)?”
Strategy - contents	Strategy and plans
Alignment	Strategy and plans: “How are strategies and plans adapted, generated and communicated to managers and employees?”
Adopted strategies	“What strategies and plans has the organization adopted?”
Other Contextual factors, Culture, and contingency	Culture, context
Outcomes	organizational Performance
Overcoming Obstacles	

Ferreira and Otley (2009) mentioned that the questions listed above are not exhaustive. This was apparent from the discussions provided in the previous paragraphs. Even though the 12 factors are comprehensive enough relative to literature, the results of my review can still be used to refine or complement some of the questions covered in the chosen framework as shown in **Table 16** .

As noted above, in order to confirm the suitability of the framework further, some implementation obstacles have been reviewed and mapped to the framework in the following section.

### 2.5.2 Obstacles of strategy implementation

The literature review results also indicated that uncovering and overcoming the obstacles of SI is an important factor. Obstacles cited by some key references such as Al-Ghamdi (1989)/Alexander (1985), Beer and Eisenstat (2000), and Hrebiniak (2005) are listed in **Table 17**.

As shown in the table, the obstacles align with the factors of the framework of Ferreira and Otley (2009) at the general level. Because the constructs used by Ferreira and Otley (2009) are not operationalized with a comprehensive set of questions as noted above, these obstacles can provide an additional source to refine and or complement these questions such as (**bold** face in the table) lower level training, vertical communication, leaving retention of key people, early and prompt communication of problems, resistance to change, and ownership.

**Table 17 Mapping cited implementation obstacle to Ferreira's and Otley's (2009) framework**

<b>Ferreira and Otley (2009)</b>	<b>Al-Ghamdi (1989)/Alexander (1985)</b>	<b>Hrebiniak (2005)</b>	<b>Beer and Eisenstat (2000)</b>
<b>Planning</b>	"Took more time than originally allocated"		
<b>Information, planning, use</b>	"Major problems surfaced which had not been identified earlier"		
<b>Control</b>	Coordination of "implementation activities was not		



	effective enough”		
<b>Organization structure</b>	“Competing activities distracted attention from implementing this decision”	“Trying to execute a strategy that conflicts with the existing power structure”	Unclear strategy and conflicting priorities
<b>Structure, systems, but training, engagement, and buy in not explicitly included</b>	“Capabilities of employees involved were insufficient”		
<b>Training, engagement, and buy in not explicitly included</b>	“Training and instruction given to <b>lower level</b> employees were inadequate”		
<b>Control, information, evaluation</b>	“Uncontrollable factors in the external environment had an adverse impact on implementation”		
<b>Control, Use</b>	“Leadership and direction provided by departmental managers were inadequate”		“An ineffective senior management team. Inadequate down-the-line leadership skills and development”
<b>Planning, Control, Use</b>	“Key implementation tasks and activities were not sufficiently defined”	“Lack of understanding of the role of organizational structure and design in the execution process”	poor <b>vertical</b> communication
<b>Performance evaluation. Information flows, systems and networks</b>	“Information systems used to monitor implementation were inadequate”	“Poor or inadequate information sharing between individuals or business units responsible for strategy execution	Poor coordination across functions, businesses or borders

<b>Control, use</b>	“Advocates and supporters of the strategic decision <b>left the organisation</b> during implementation”	Lack of upper-management support of strategy execution”	
<b>Vision and mission. Key success factors. Strategies and plans. Key performance measures. Target setting</b>	“Overall goals were not sufficiently well understood by employees.”	“Poor or vague strategy”	Unclear strategy and conflicting priorities
<b>Structure, control</b>	“Changes in responsibilities of key employees were not clearly defined”	“Unclear communication of responsibility and/or accountability for execution decisions or actions”	
<b>Strategies and planning</b>	“Key formulators of the strategic decision did not play an active role in implementation”		
<b>Information, control, use</b>	“Problems requiring top management involvement were not communicated <b>early</b> enough”		
<b>Information, evaluation, control, use</b>		“Inability to manage change effectively or to overcome internal <b>resistance to change</b> ”	
<b>Reward systems</b>		“Lack of incentives or inappropriate incentives to support execution objectives”	
<b>Structure</b>		“Insufficient financial resources to execute the	

		strategy”	
<b>Strategies and planning</b>		“Lack of feelings of <b>"ownership"</b> of a strategy or execution plans among key employees”	
<b>Strategies and planning</b>		“Not having guidelines or a model to guide strategy execution efforts”	
<b>Strategies and planning, communication</b>		“Inability to generate "buy-in" or agreement on critical execution steps or actions”	
<b>Strategies and planning</b>			“Top-down or laissez-fair senior management style”

## 2.6 Review in summary

Even though strategic management research dates back to the 1940’s, the last three decades have witnessed an increasing interest in the study of SI and PM. The fields of SI and PM have merged and are conversing about similar issues and factors.

Various SI/PM models and frameworks have been proposed. Ferreira and Otley’s (2009) is a recent framework. It was founded on the seminal works of Otley’s (1989) performance management framework, which looks at MCS from the broader view of strategic management (strategy formulation and implementation) and on Simons’ (1995) levers of control framework that looks at MCS from the view of strategy execution. The framework integrates elements of

PM and MCS literature and practices, which were found to be similar to those of SI.

The framework is comprehensive enough when the factors are compared with the state of the knowledge of SI factors and obstacles reviewed above. However, the questions that are associated with these factors or constructs can be operationalized further or complemented in order to provide a more descriptive power. Also, the factor of continuously uncovering and overcoming SI obstacles or barriers is implied in the framework. Additionally, the authors provided two examples of using the framework. The framework, however, lacks empirical validation, which is one of the possible avenues and options to progress my research further. Ferreira and Otley (2009) stated, “empirical evidence, especially (but not exclusively) from case study research, is required to assess its robustness and validate its adequacy.”

## **2.7 The next step**

Taking it from the last statement just noted above, I intend to provide an answer to the question of ‘what are the actual practices of implementing strategies or strategic decisions successfully?’ This is done empirically in the next chapter in Project 1 (P1) in **Chapter 3**.

## **3 CHAPTER 3 - PROJECT 1 (P1)**

### **3.1 Introduction**

A detailed scoping study and literature review of the published research in the past few decades have shown that the mainstream research on strategy and implementation of strategy and strategic decisions (SD's) has been dominated by prescriptive, step-wise models. An emerging approach that is adopted in this research is to conduct an in depth study in practice to enrich our understanding and uncover how strategic decisions are actually and in reality implemented successfully or not so successfully.

This study used qualitative research methods to understand in depth how strategic decisions are actually implemented in practice. Grounded Theory (GT) was used as a vehicle to understand practice and generate theory. The results were interesting and intriguing for their contradiction to the mainstream prescribed theory in strategy literature as discussed in **section 3.5** 'Discussions'.

It is important to note here that as this project is totally empirical and its anchoring literature stems from the literature review done in the SS, it does not have a dedicated literature review section.

The following sections cover the research method and data (**section 3.2**), findings (**section 3.3**), discussions (**section 3.4**), and conclusions (**section 3.5**).

### **3.2 Method and Data**

#### **3.2.1 Research question and unit of analysis**

The research question is, "how are strategic decisions actually implemented in practice?" Follow up questions were used to know 'the decisions that were made', understand 'how they were made', 'how they were implemented', and to know 'what constituted success' based on their own terms and against a set of criteria they were asked to reflect on in the interviews. They were also to talk about SD's that were less successful in their opinion. Follow up questions were

also used to clarify, elaborate, or provide further information about any point or topic under discussion. **Appendix F** contains the interview protocol.

Due to the complexity of the phenomenon of strategy, this study focused on the 'strategic decision' as a unit of analysis. In fact, Mintzberg (1977) views strategy as the cumulative outcome of a series of strategic decisions. According to the learning school, "strategies could be traced back to a variety of little actions and decisions" (Mintzberg et al, 1998, p. 177).

For the purpose of the scope of this study, SD's are overarching decisions, made by top management, have broad implications, require a lot of resources and commitments at all levels, are future oriented, and affect the firm's long-term prosperity (Pearce and Robinson, 2009, pg.8-12). Types of SD's implemented include (Al-Ghamdi, 1998): introduce a new product or service, open and start up a new plant or facility, expand operations to enter new market, discontinue a product or withdraw from market, acquire or merge with another company, change the strategy in an operational department, and others.

The following section provides details on the research method.

### **3.2.2 Interviews**

Preceded by two pilot interviews, relatively lengthy interviews were conducted by the researcher with senior executives of established, well known, medium to large firms. The interview protocol consisted of some general demographic questions followed by an open ended question about the SD's that were recently made and implemented successfully or not so successfully.

See interview protocol in **Appendix F** following the ethical standard set forth by Cranfield University. See letter of confidentiality in **Appendix G**.

The access to the seniors of the firms in the area where the interviews were conducted in the Kingdom of Saudi Arabia (KSA) was a very difficult task due mainly to their very busy agendas, especially during near year end closing, the sensitivity of the topic, and to confidentiality reasons. The access was facilitated

through relations and referrals. The study can be replicated and equally conducted in any country. Seven (in P1 that became 9 in P2) firms were visited. The top executives were interviewed. Also, where possible, other key employees related to the SD's were interviewed as well to tell the stories from their perspectives in order to add rigor and some degree of triangulation to the data. Having an access to records was not possible, though.

The data collected through the interviews were perceived as truthful similar to the assumption made in quantitative, survey-based research methods.

All the interviews were recorded except for one in which notes were taken. All the interviews were conducted face to face. The transcribed quotes from the interviews were used to identify the factors that were helpful to implement the decision successfully or not so successfully for each SD. In a given interview, some executives spoke about more than one SD. Each one was considered as a separate case. The individual SD's were identified in the recordings and transcriptions to map the identified factors to the corresponding SD's.

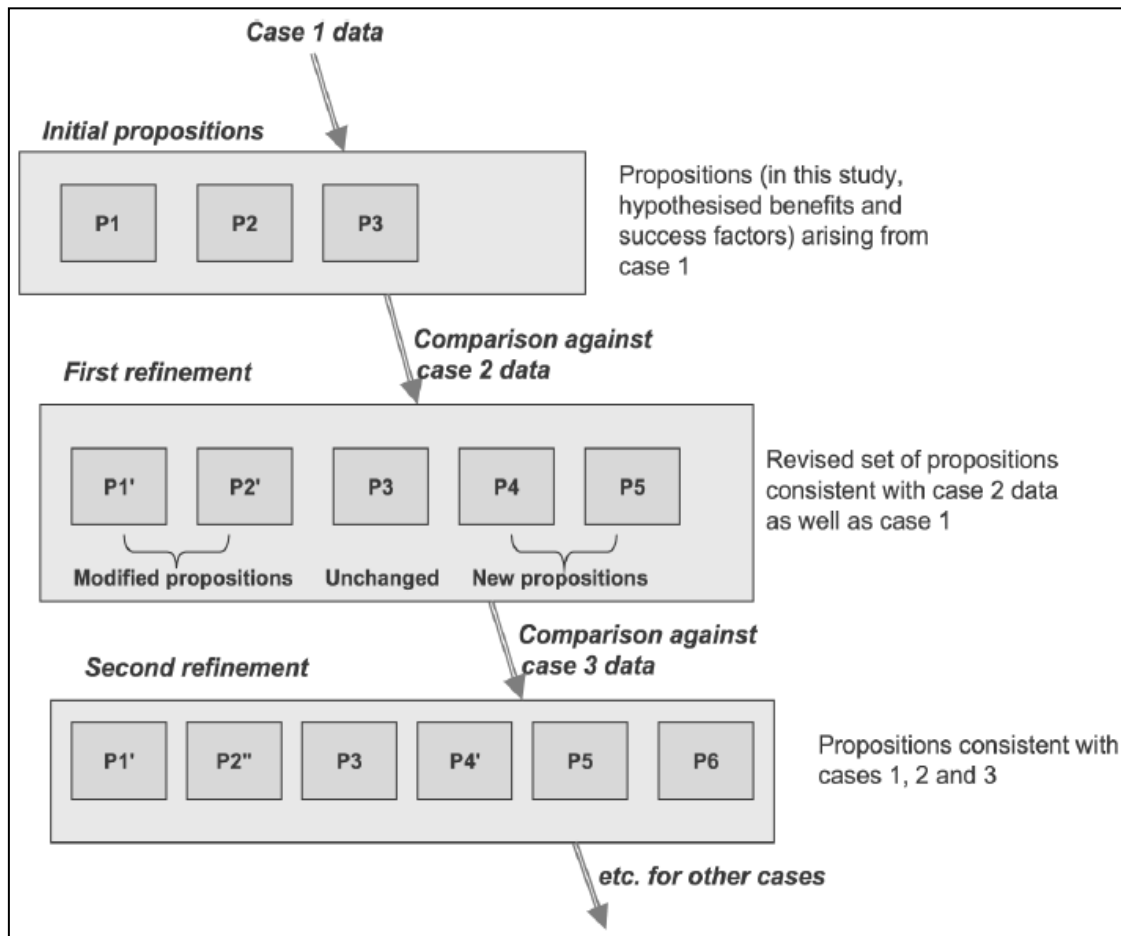
The following sub-section provides details about the data analysis method.

### **3.2.3 Analysis method**

The intent of the research was to contribute to the strategy or SM body of knowledge, literature, and theory by getting closer to the understanding of the true nature of this complex phenomenon. Therefore, GT, which deals with complex phenomenon, was a good candidate and was actually used to build theory that is grounded on data conceived very broadly (Blaikie, 2009, p, 99) without much a priori theory about strategy or SD's implementation. GT develops theory through comparative method, "through looking at the same event or process in different settings or situations" leading to substantive or formal theory (Easterby-Smith et al, 2009, p, 100).

The list of factors of successful SD's implementation was built generally in the way that was suggested by Wilson (2004) as shown in **Figure 28**. Therefore, the method also counts as Analytic Induction (AI), in which GT is rooted any

way. As noted in the above section, the study dealt with ‘SD’s’ as units of analysis and each SD was a case.



**Figure 28 Iteratively developing theory using AI (Wilson, 2004)**

The interviews were conducted one after another. Inspired by the systematic AI method described in **Figure 28**, the factors of each decision were identified and listed through several iterations covering 14 SD's until saturation or no further new factors were identified or mentioned by the interviewees. The identified factors, the building blocks of the theory or framework, are viewed to be “universal” (Wilson, 2004, p. 382) that hold true for the setting and context in which the research was conducted as detailed in Data **sub-section 3.2.4** below.



### 3.2.4 Data

As noted above, the main question was about SD's implementation (and how they were made in the first place). The interviews, however, intended also to understand the setting or context in which the firms are operating or situated.

Table 18 and **Table 19** depict information resulted from answering the general interview questions about the executives and firms. As noted above, the study can be replicated and equally conducted in any other country. The management teams are educated and highly experienced. The firms are well known, and are medium to large organizations of various types, businesses, and sectors. Local, private, public, joint ventures between local and international firms, and international firms were involved in the study. The workforce is dominated by expatriates of various nationalities.

**Table 18 Summary of the general information in the interviews**

Firm	Interview duration (m s)	Interview mode	Position	Years In firm	Education
1	107 06	Recorded face to face	Senior VP	20	Bachelor of commerce
2	45 27	Recorded face to face	CEO	7	Mechanical engineering
	17 36	Recorded face to face	Sales and Marketing Manager	20	Bachelor of commerce
3	66 14	Recorded face to face	GM	25	Master of information systems
	24 43	Recorded face to face	Sales Manager	8	Master computer Science
4	49 04	Recorded face to face	Executive Director	15	Civil engineering
5	48 30	Recorded face to face	GM	5	PhD Accounting
6	41 41	Recorded face to face	Regional manager/GM	18	Master of medical engineering
7	45 25	Notes face to face	Country manager	5	Mechanical engineering
	17 10	Notes face to face	Sale manager	4	Electrical engineering and MBA

**Table 19 Summary of the general information in the interviews**

<b>Firm</b>	<b>Type</b>	<b>Business</b>	<b>Sector</b>	<b>Revenue</b>	<b>Staff</b>	<b>Area</b>	<b>Start</b>
1	Inc./public	Manufacturing	Industrial	1 b	1600	KSA and ME	1980s
2	Private LL	Manufacturing	O&G, Petro-chemical	600 m	1800	KSA	1983
3	Partnership	Service	IT	300 m	1200	KSA	1981
4	Partnership	Service	Engineering	300 m	570	GCC	1965
5	Inc./close family	Service	Construction	380 m	1800	KSA	1974
6	Private	Services-Trading	Medical	2 b	1500	KSA	1950s
7	Multi-national	Manufacturing	Industrial	2 b	9000	KSA	1980s

The following section reports the findings on the collected data.

### **3.3 Findings**

This section goes through the data collected through the interviews and walks through how these data answered the research question of how the SD's were actually implemented successfully. It starts with the general information about the executives and firms, how the SD's were made, then it covers the concept of SD success, and finally it goes in detail over the core part: SD implementation factors.

#### **3.3.1 What were the SD's and how they were made?**

The open question was about how the interviewed firms implemented their strategic decisions successfully or failed to do so (not so successfully). It was the intent of the study also to understand how the decisions were made in practice and reality in the first place. Were they based on a pre-planned, pre-determined, deliberately made, foreseeable long range strategic plans and decisions as might be expected of the practices of medium to large organizations as per prescriptive, step wise strategy literature? The data consistently indicated a different story. The data were divided into 3 tables for

readability purposes because one table is very large. See **Table 20 to Table 22**. The data has been arranged in such a way to fit the size of the table and maintain readability of the text.

**Table 20 Making SD's 1 to 5 for firms 1 and 2 (SD1.1, 1.2, 1.3, 2.1, and 2.2)**

SD s/n	Firm s/n	On-going management	SD Trigger		SD	Result	On-going management
1	1	ongoing business management and operations	review performance. Found to be limited	"As a result of noticing that since establishment to 2003 the company was a "limited liability company with a limited size. The size is increasing but a normal increase without any strategic decision in it market demand, normal inflation, normal economy grow. Then in 2003/2004 one management decision based on status wanted to grow .. we believe no one cat stay where he is. either you grow or you have to be back"	Merger	less successful	ongoing operation and fixing problems
2	1	ongoing business management and operations	as a result of the ongoing success/performance	"we want to be the largest electrical company in the area. So we created a company and we say this company will invest in the electrical field. And the first thing we did we made a joint venture to manufacture bigger large transformers. and w said no body can stop where he is, he needs to grow"	JV	successful	ongoing operation and fixing problems
3	1	ongoing business management and operations	as a result of the ongoing success/	"As a result of the decision in 2003/2004 to grow, "we decided to try to buy a new factory. It did not succeed because. I did not succeed because we did not give it to the right team	Acquisition	successful	due to obstacles

4	2	ongoing business management and operations	review of performance. Found to be	"few years ago, we were handling limited projects. I took the decision from my side based on the discussion with my chairman to take the company after the previous CEO resigned"	Foreign partnership and Restructuring	successful	ongoing operation and fixing problems
5	2	ongoing business management and operations	as a result of the ongoing success/perfor	"After success with the first decision, I decided to find another source to create more success to the company"	Convert from Fabrication to EPC	successful-in progress	due to obstacles

**Table 21 Making SD's 6 to 11 for firms 3, 4, and 5 (SD 3.1, 3.2, 3.3, 4.1, 5.1, 5.2)**

SD s/n	Firm s/n	Ongoing management	SD Trigger		SD	Result	Ongoing management
6	3	ongoing business management and operations	changes in market/vendor offerings.	"we were lucky that we soled the first deal to a large customer in the ME and became Renowned and was announced by the vendor. This increased our reputation and led to increase in revenue by 40% of our business. Our target next year is to double the revenue of the business only from one hardware and technology line and this is the success"	New product line	successful	ongoing operations
7	3	ongoing business management and operations	as a result of the ongoing success/perfor	"we tried again .. It was a strategic decision to introduce a new product line in response to taking advantage of new market needs but we were not successful..."	add line from a new partner	less successful	due to obstacles

8	3	ongoing business management and operations	as a result of the on-going success/performance	"decided to acquire a partner - JV - who has a name to start business with. We tried with 2 but did not work out yet"	JV	successful-in progress	due to obstacles
9	4	ongoing business management and operations	as a result of a market opportunity created by customer	"It was a commercial opportunity to grow the business and last many years to come with an international partner. Were doing good and profitable but the opportunity that came thought our major client was very attractive" .... "It came and added. It was not foreseen. We have never planned to make a JV with our partner or any international partner"	JV	successful	ongoing operation and fixing problems
10	5	ongoing business management and operations	review performance. Wanted to	"decided to restructure the company ... the decision was initiated by consultants... the management were not convinced ..."	companywide restructuring	less successful	due to obstacles
11	5	ongoing business management and operations	as a result of winning a market mega project.	"At that bank support was available. We got around 30% bank fund of the total project value. Now if you have the same project you cannot get it. It was luck. Timing was not in our hand"	Creating a new company	successful	ongoing operation and fixing problems

**Table 22 Making SD's 12 to 14 for firms 6 and 7**

SD s/n	Firm s/n	Ongoing management	SD Trigger		SD	Result	Ongoing management
1 2	6	On-going business management and operations	as a result of observing market competitions landscape and conditions over few years then making the decision at the right time when the benefit of investment exceeded the cost of losing the market	"the strategic decision by top management was taken gradually to add all the product lines completely because we were affected by the competition ... the agencies demanded that some level of investment in infrastructure and resources ... management decided not to do that and wait until the environment forced us to do that ... management was observing and watching the threat from competition in the market over 10 years and did not move to make the decision early because it was very expensive and required high investment ... the decision was made when they had to choose between two bitter decisions either let competition acquire market or invest to meet agencies' requirements . The decision was made to invest" ... "have them for lunch before having us for dinner"	expanding to full agencies product lines	successful	ongoing operation and fixing problems

1 3	6	ongoing business management and operations	as a result of looking at the ongoing performance and management/operational problems and issues top management decided improve	"The need to improve performance and for development management decided to make companywide organizational restructuring or reengineering in all lines of business, management, roles, ... . But it was not successful. Some changed, some partially, some did not or even ignored the decision .... There were many excuses or reasons some of them at personal level or work related ... but did not work as wished..."	companywide restructuring	less successful	due to obstacles
1 4	7	ongoing business management and operations	as a result of observing performance over a period of time, the decision was	The business was going on, management realized since few years ago through performance review that they need to grow and do better. The current distribution network is very limited. The decision was made to substantially expand the network country wide"	expand the distribution network country wide	successful	ongoing operation and fixing problems

The firms or executives always have had an underlying broad desire or vision to improve performance or grow business. The decisions were made based on triggers during on-going business management and operations. On-going business management and operations include solving problems and surprises of the decisions that were previously made.

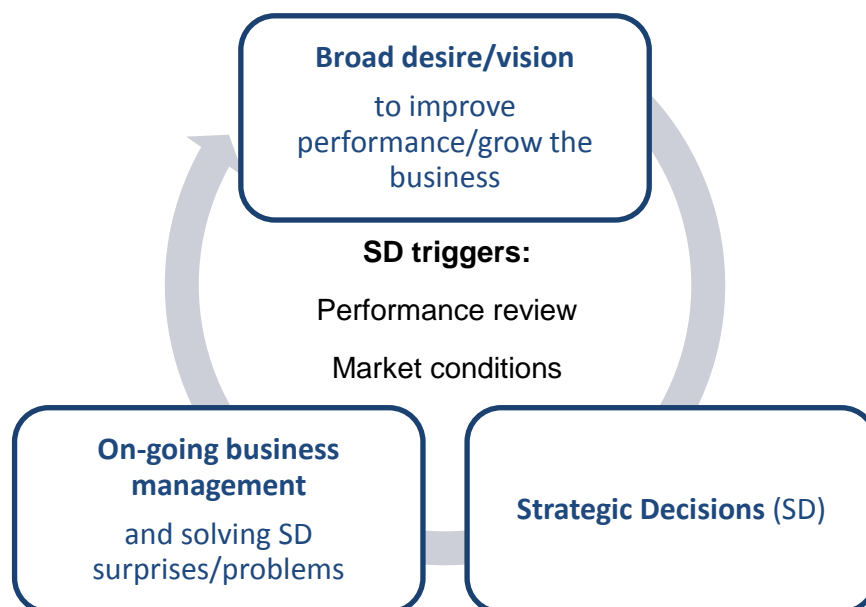
Data have consistently indicated that even though the decisions were considered to be good, management have dealt with and solved the post or during SD's implementation problems and obstacles and have directed their teams the decisions and business operations into success. Even though the decisions themselves were viewed by management as good, failed or less

successful implementations were caused by various factors and obstacles that management faced.

SD's triggers include on-going observation and analysis of firm performance and market conditions. **Figure 29** depicts a general 'SD's lifecycle in practice' that can be sensed from the discussions.

Data also indicated that the actual response to market does not have to be instantaneous at the time of the decision. Some factors can impact the time depending on the need to balance or weigh between the right time to combat competition and the readiness internally and externally, some difficulties that stood on their way, or the consequences of the SD's on the level of investment or cost. In fact, the SD's took between 3 months and 2 years to be made and finalized to roll out.

Also, the SD's were not formally documented a priori. The documentations were manifested in the form of various types of formal and informal analysis, agreements, contracts, on-going management and operations using existing or new management systems, set objectives and measures, and management reports to monitor targets and achievements.



**Figure 29 SD's lifecycle in practice**



It is worth the note that one cannot conclude from these interesting findings at this stage that other practices of planning or making SD's are less or more helpful or can make SD's less or more successful. The findings, however, confirmed that SD's in practice do not necessarily stem from pre-defined, step-wise, long-term, formal strategic plans and decisions.

The next sub section provides details on the concept of success of SD's implementation.

### 3.3.2 How successful was the successful implementation of the SD's?

The executives then were asked to rate the implementation success against an adapted set of criteria that Al-Ghamdi (1998, p. 327) used, which were "Achieved the initial goals of the decision", "Achieved the financial results expected", and "Was carried out within the resources initially budgeted". The criteria that I used were: allocated or budgeted resources, time frame, initial financial results, and learning. I have included learning based on my experience and knowledge of its importance in management. **Table 23** shows the feedback of some SD's, where a score of 5 means very successful and 1 means very unsuccessful.

**Table 23 Success criteria and their ratings**

Firm	SD	Roll out time (months)	Allocated/ budgeted resources	Time frame	Initial financial results	learning	Average
1	Merger and JV	6	4	4	5	5	4.5
2	Foreign partnership and restructuring	6	4	5	4	4	4.3
3	New product line of products and services	3	5	3.5	4	5	4.4
4	Joint venture	24	4	3	4	4	3.8
5	Creating a new company	6	4	5	3	4	4.0

6	expanding agencies agreement and implementing full product lines	24	3.5	4	5	5	4.4
7	expanding distribution network country wide	12	4	3	3.5	4	3.6
	<b>Average</b>		4.1	3.9	4.1	4.4	<b>4.13</b>

The results show that the SD's have been relatively successful for each criterion (ranges between 4.1 and 4.4) and for each SD (ranges between 3.6 and 4.4). The low rates of 3.6 and 3.8 in the table were mainly due to the time that was taken to solve problems and deal with obstacles. Despite the relative success ratings above, the firms viewed the SD's as generally successful.

The executives were also asked about what constitute successful SD's implementation as viewed by them. The feedback is listed in **Table 24**. The criteria highlighted in *italic* font were elaborated by the interviewees. They are direct financial criteria, yet underlay the financial success component of SD's, include building relations, building teams, gaining vendor awards, adding resources and assets, and acquiring new technology.

**Table 24 Success criteria articulated by the executives**

Firm s/n	Success criteria as seen by the firm
1	<ul style="list-style-type: none"> <li>Financial return</li> </ul>
2	<ul style="list-style-type: none"> <li>Win projects</li> <li>Financial return</li> <li><i>Build relations in the market</i></li> <li><i>Build a capable team</i></li> </ul>
3	<ul style="list-style-type: none"> <li>Revenue and profitability</li> <li>Leads pipeline</li> <li><i>Recognition award by the vendor</i></li> <li>Number of clients</li> <li>Market share</li> </ul>
4	<ul style="list-style-type: none"> <li>Sales/income</li> </ul>

	<ul style="list-style-type: none"> <li>• Profit</li> <li>• <i>Add more resources and assets</i></li> <li>• <i>Bring or acquire new technology</i></li> </ul>
5	<ul style="list-style-type: none"> <li>• Getting new projects</li> </ul>
6	<ul style="list-style-type: none"> <li>• Booming of the Sales figures</li> <li>• <i>Learn contemporary management practices from International companies</i></li> </ul>
7	<ul style="list-style-type: none"> <li>• Enlarge customer base</li> <li>• Receive big orders</li> </ul>

As it can be seen from **Table 24**, the financial return is generally a common criterion between all the firms. Some firms had different ways of looking at success beside the financial return as shown in *italic* text as just noted above.

The next sub-section provides details about SD's implementation factors.

### 3.3.3 SD implementation factors and obstacles

#### 3.3.3.1 Determining, organizing, and grouping the factors

Due to the size and complexity of the transcribed text, the following involved, systematic process was followed to determine, organize, and categorize the factors.

- Following the format in **Appendix H**, the raw data were collected from each firm were recorded in a separate sheet for each firm. Each sheet contains the quotes and identified factors for each SD mentioned in the interviews. A readable sample coding is also shown in **Appendix H**. Due to the size of the sheets, their images only are shown in **Appendix I (Figures I1-7)** in order to illustrate the overall coding view and process, not the data.
- All the identified factors were looked at and thought about and then eventually and iteratively transferred layer after layer and combined into one single matrix following the AI process mentioned in **Figure 28** in **sub-section 3.2.3**. The result of each iteration refined and updated the previous results. The rows of the matrix contain the SD's and the columns contain the factors and the groups or categories of factors.

- The combined matrix was further refined to group or categorize the factors. The final master matrix of factors is depicted in **Appendix J (Figure J-1)**. This appendix also depicts the master coding sheet just to view the overall process, not the data.
- Finally, the final factors and grouping or categories of factors were tabulated in a separate table for each category as shown in **Table 26** to
- **Table 31** below. The tables also show the frequency of occurrence of each factor.

**Table 25** summarizes the frequency of the main and sub categories of all the factors that are detailed in **Table 26** to

**Table 31** below. Discussions on these categories and their factors are provided next to each table.

**Table 25 Summary table of frequency of occurrence of factors' categories**

Category	Frequency
<b>Market dynamics</b>	<b>46</b>
Customer relations	6
Partner relations	22
Competition landscape	8
Learning and change	5
Local government/labour law and Int'l industry regulations	5
<b>Management/Leadership</b>	<b>49</b>
Top and other management	19
Informed and motivated teams	30
<b>Organization structure</b>	<b>10</b>
Functions	5
Accountability	5
<b>Capabilities and resources</b>	<b>14</b>
Capital	2
Human	9
Management support systems and information	3
<b>Fixing problems and surprises</b>	<b>10</b>
<b>Performance review</b>	<b>21</b>

Performance measures and targets	8
Performance scope	3
Performance review and learning	10

**Table 26 Factors related to market**

<b>Market dynamics</b> Relations and actions to win the market. Contextual factors are related to customers, partners, competition, and regulations	
	<b>46</b>
<b>Factor</b>	<b>Frequency</b>
<b>1. Customer relations</b>	<b>6</b>
Commitment to customers, and delivering and fulfilling their need and demand	2
Gaining trust and respect of and relations with customers, especially at personal level	2
Gaining support of the customers, especially at difficult times	2
<b>2. Partner relations</b>	<b>22</b>
Identifying and dealing with the right partner: field and interest, trust, relations, negotiation and mutual agreement, support	16
Conducting due diligence to minimize implementation and operational problems and surprises	2
Maintaining financial control and managing or reducing uncertainty through terms of the agreement	4
<b>3. Competition landscape</b>	<b>8</b>
Knowledge of competition landscape	1
Swiftness of making sound decisions and executing them before the competition or losing competitive advantage	2
Considering suitable market conditions - presence, attractiveness, required and available funds and resources, availability of projects	3
Staying lean with minimum fat to stay financially healthy and compete at more difficult times	1
Focusing on core functions and critical success factors to excel and compete	1
<b>4. Learning and change</b>	<b>5</b>
Learning from the market conditions and results during the implementation of strategic decisions	1
Adapting to changes and responding quickly to changes in the market	3
Considering gradual growth by fixing problems at one stage before taking the next step	1

<b>5. Local government/labor law and international industry regulations</b>	<b>5</b>
Ability to absorb or deal with or manage regulations' impact on cost or time to market	2
Ability to deal with or managing labor regulations' impact on employee satisfaction and motivation	1
Ability to deal with or manage labor regulations' impact on availability of resources on time	2

Market dynamics category in **Table 26** is a leading category in terms of the frequency of the occurrence of its factors. Interestingly enough, it receives little attention and details in strategy implementation literature, which uses the term 'contextual' factors, without going into what is going inside this black box. It has been found from the interviews that factors related to this category indeed have been very influential and helpful in how the firms managed to succeed in the implementation of their strategic decisions.

As detailed in **Table 26**, this category includes factors related to the customers, partners, the competition, learning and change, and local and international regulations. The firms did a great deal of considerations and actions to win in the market and make the SD's successful as what is the point of successful JV, or acquisition, or expanding a new line if these SD's did not materialize into tangible results in the market. The factors are self-explanatory, but it is worth noting that learning and adapting to market changes and being able to adapt and respond quickly goes in tandem with Mintzberg 's learning or emergent school of strategy.

**Table 27 Factors related to management and leadership**

<b>Management/leadership</b> Leading and managing business and change Cultural factors related to top management/leadership and teams	
	<b>49</b>
<b>Factor</b>	<b>Frequency</b>
<b>1. Top and other management</b>	<b>19</b>
Having a desire/vision to give direction and improve performance and grow	4
Ability to take initiative to take advantage of opportunities to improve and	1

grow	
Being flexible to change	1
Informed top management - legally and financially	2
Open minded and tolerant - different opinion and diversity	5
Delegating effectively to allow more quality time to lead	3
have harmony - common direction/vision/measure of success between management - manage conflicts of interest and power relations	2
Support of other managers to the top management	1
<b>2. Informed and motivated Teams</b>	<b>30</b>
Having interactive and effective communication on the SD and sincere discussions with the involved implementation teams	5
Building relations, respect, and gaining trust of the teams, and handling complaints to reduce resistance to change	4
Supporting the teams: awareness, education, training, development, and advice to facilitate change	10
Building and developing the commitment of the teams to support management and affect change	3
Providing fair, relevant incentives and compensations, recognizing achievements, and career satisfaction	8

Management/leadership category in **Table 27** is another leading category. It consists of traits and abilities of management and leaders and actions done to and by teams and individuals to succeed. These are considered as cultural factors dealing with management or leadership style. This study casted more light into this category relative to literature such as having harmony, informed management legally and financially, and open minded management for opinion and diversity. Able managers and motivated teams are very helpful factors to implement SD's successfully.

**Table 28 Factors related to organization structure**

<b>Organization Structure</b> Structure that can help deliver Organization structure factors related to functions and accountability	
	<b>10</b>
<b>Factor</b>	<b>Frequency</b>
<b>1. Functions</b>	<b>5</b>

Having properly altered or newly created clear business functions, processes, and procedures	5
<b>2. Accountability</b>	<b>5</b>
Having clear areas of accountability, responsibility, and authority	5

Organization structure category in **Table 28** is a fundamental category and common in strategy literature and consists of altering existing or creating new functions, processes, and procedure along with their proper threads of accountability.

**Table 29 Factors related to capabilities and resources**

<b>Capabilities and resources</b> Capabilities and resources that can deliver Available and capable capital and human assets and management systems	
	<b>14</b>
<b>Factor</b>	<b>Frequency</b>
<b>1. Capital resources</b>	<b>2</b>
Ability to acquire necessary assets	1
Ability to have access to or acquire necessary funds	1
<b>2. Human</b>	<b>9</b>
Availability of necessary trained, skills for both technical and administration resources	8
Improving efficiency	1
<b>3. Management support systems and information</b>	<b>3</b>
Management support systems- Accounting & Finance, HR and compensation, Production,	3

Capabilities and resources category in **Table 29** provides light on what was helpful to the firms to succeed in implementing their SD's. Capital resources such as assets and funds that fit the need to implement the SD's and well trained, capable, and efficient human resources were very helpful to the firms. Having management information systems that can support management in accounting and finance, HR, and other functions were also helpful. There was no mention, however, of the type of systems used.



**Table 30 Factors relate to fixing problems and surprises**

<b>Fixing problems and surprises</b> Fixing and solving decision and on-going problems and surprises Nothing is perfect. Decisions were successful despite the problems that occurred and were fixed during implementation	
	<b>10</b>
<b>Factor</b>	<b>Frequency</b>
1. Solving human and other resources issues - technical and administration	4
2. Operations planning - how to run it day to day with the available resources and overall internal and external conditions	3
3. Fixing problems and issues and staying clean before going to the next strategic growth step	2
4. Learning from problems and results to improve performance and make changes	1

Fixing problems and surprises category in **Table 30** is an important category that deals with reality as who said that any strategic decision should be perfect from day one? As noted in **Table 23** in **sub-section 3.3.2**, there were some success rates as low as 3.6 and 3.8 out of 5, which were mainly due to the time that was taken to solve problems and deal with obstacles. Executives know that no matter how perfect the decision is, when it comes to implementation, issues can rise in various aspects such as resources, technical, or maintaining efficiency. The study also showed that executives cared about fixing problems before engaging in new SD's. This category received relatively little attention in strategy literature.

Performance review category in

**Table 31** deals with reviewing and analysing performance. This category is common in literature and covers aspects of determining measures, setting targets, and reviewing performance regularly at all levels (individual, function, and firm), and learning and changing as needed.

**Table 31 Factors related to performance review**

<b>Performance review</b> Reviewing results Setting expectations and monitoring them	
	<b>21</b>
<b>Factor</b>	<b>Frequency</b>
<b>1. Performance measures and targets</b>	<b>8</b>
Financial return - revenue and profitability	1
Relevant KPI's and reasonable targets	4
projects' progress	1
Prospects pipeline and customer base	2
<b>2. Performance scope</b>	<b>3</b>
individuals	1
teams, projects, and functions	1
firm	1
<b>3. Performance review and learning</b>	<b>10</b>
Utilizing financial reports and statements	3
Reviewing and feedback on plans and results and KPI's	2
Conducting regular reviews and meetings	5

### 3.3.3.2 Problems and obstacles of SD implementation

It was noted in **Table 31** the findings above that there were some problems and obstacles that have affected the successful implementation of some SD's and even have led to less successful or failure in the implementation of other SD's. These factors were incorporated into the factors and categories of factors.

The corresponding factors were extracted from the quotes by way of looking at the poles of a factor. For example, the statement provided by an executive about a less successful SD, "the partner disappointed me by not getting the proper support in sales and pre sales like other partners ... and there was not mutual agreement and interest on the terms of agreement and business model",

was classified under Market-partner relations,-mutual agreement and support of partner.

All these factors actual had already counterpart factors that were distilled from the successful SD's. See **Table 32** and **Table 33** below for lists of these factors.

**Table 32 Problems and obstacles faced by successful SD's**

Successful SD - but there were some problems		factor
Not conducting pre-merger due diligence	"managed surprises because we did not do full due diligence. Not limited, but a full due diligence. Financial due diligence, legal due diligence, marketing due diligence, because limited due diligence may hide things even if you have seen the full financial because may not reflect the full fact, especially if the company has different product lines. You might have one product line success, one product line not. .. The good story the surprises were in our field, in our product ... the partner produce the same product we produce. The problem was in the product we are manufacturing. We basically were able to fix it"	Conduct pre-merger/acquisition/JV due diligence
Surprising problems mainly due to operation planning (availability and type of resources, day to day activities, day to day problems)	"surprises ... there was problem of operation planning, all types of planning, material planning, production planning, "	Plan operation - capable and available resources, how to conduct day to day activities
Double compensation standard due to agencies regulations affected motivation	"but the decision fired back and caused some complications or despair at the level of the employees [support employees in personnel, accounting ...] , ... this is because the standards set and reinforced by the agents on our internal system or regulations on staff working for them created categorization of levels of employees' rewards and this created internal conflict .. Support departments are less happy for sure because there is no clear standard of how to evaluate their performance	Fair pay

Labor regulations affected availability of resources	"Labor regulations affect resource availability on time and quantity..". "resources, especially technical, are very important for the success of our work, are not easy to hire due to labor regulations" .... [local laws and regulations and legalization procedures caused some delays in the implementation]	Ability to deal with labor regulations' on availability of resources on time and quantity
Unclear or unavailability of performance measures affected evaluation and motivation	"like in cost companies there are no accurate way or method to measure performance of employees. Some people look like they are working because the job does not need higher qualifications from them ... But the point is how to get the most out of them ...	Clear performance measure and evaluation
Quick response to market	[internal legal and financial procedures were slow and inflexible to respond to market quickly]	market - respond quickly

**Table 33 Problems and obstacles faced by less successful SD's**

<b>Less successful or failure - obstacle / problem</b>		<b>factor</b>
Not assigned to the right team: managers and individuals	"did not succeed because we did not give it to the right team .. Did not assign the right team to conclude this decision ... Did not have the capabilities or qualification"	Assign to the right capable and qualified team
did not find the right partner		Right partner
Did not have the right capable and technical resources	"To be successful we did not have the team, technology, and equipment to establish the business	Capable and right resources
Lack of support of partner	"the partner disappointed me by not getting the proper support in sales and pre sales like other partners ... and there was not mutual agreement and interest on the terms of agreement and business model"	Support of partner
No market presence - investment level, barrier to entry	"it required very big investment to do in terms o hiring and implementers teams, training,... the market was very competitive and you do not know where to go ... there is a tunnel that there is no light in it	market presence and barrier to entry
CEO did not have the vision and direction	"CEO and owner needed to have long visions and view of business and its direction.	Vision and direction of the CEO

CEO did not support it	"there was un understanding by the CEO was not convinced for the need to ..."	Support of the CEO
Implementers were not motivated	"they were expecting that restructuring will give rewards and more income but that did not happen. The real motivation was: so what for me!!!	Motivation
There was no positive, supportive environment	"there was a need for creating a healthy environment supportive for successful change is very important. Otherwise, we go one step and get back two steps	Positive, supportive environment
There were some conflict of interest between top and business management.	"there was no harmony .. were some conflict of interest between top and business management. Harmony and common vision and direction is very important for restructuring and transformation process" ... "various views on the measure of success between management	Have Harmony between management
Less training and preparation and support	"management did well in training and preparing but it was not enough. The people were not fully prepared for the change. That also was part of the first successful decisions but it created problems	Training, awareness, preparation

It is worth noting here that the executives believed that the SD's that were not so successful were good SD's but failed due to implementation obstacles related to one or several factors discussed above.

### 3.4 Discussions

Below are comments and notes about the figure in **Appendix J (Figure J-1)** that depicts the combined factors and **Table 26** to **Table 31** in **sub-section 3.3.1** above.

The colour coding in **Appendix J (Figure J-1)** shows the frequency of the factors across the categories. Top three categories were Market dynamics, Management/leadership, and Performance review. Top three sub categories were Informed and motivated teams, Partner relations, and Top and other management. Lowest sub categories were capital, management support systems, and performance scope. These numbers do necessarily mean that these sub factors were less or more important. For this study, they mean they were mentioned less frequently than other factors for some reason or another. It could be due to their relative importance to the executives for these particular SD's but also it could be due to forgetting, size of the sample, or other reasons.

Successful SD's factors spanned all over the table and cross all success categories. Less successful or failed SD's, however, were primarily in Market dynamics and Management/leadership category, followed by Capabilities and resources.

Because the objective was to develop a framework of factors, the data were not detailed or oriented to draw conclusions or observe patterns of factors between certain types of SD's or types of organization. However there is a trace of information that can show some patterns or some differences contingent on the types of SD's or firms.

For example, Restructuring SD's were successful in one SD mainly due to the support of top management, focus only on core business, giving compensation for teams, but was not successful in another SD mainly due to less support of top management, de-motivated teams, and huge resistance to various personal and business reasons. Contrast can be seen between support of management and motivated teams and lack of support of management and de-motivated teams. However, it cannot be concluded that only these two factors are needed to succeed in restructuring SD's. Missing other factors here does not necessarily mean that other factors were not needed.

Joint venture/merger was not successful in one SD mainly due to lack of mutual agreement with the partner, lack of support of the partner, and market presence and level of investment conditions, but was successful in three SD's mainly due to having the right partner, support of the partner, conducting due diligence, available resources, using measures, having structure, and quick time to market. There are partial similarities between success and failure.

Acquisitions were not successful in two SD's due to not having the right partner, not assigning the right team, and lack of top management support.

Actually, the factors crossed multiple types of SD's and types of firms. The combined factors in this study represent one whole framework that can be helpful to implement SD's successfully. Other studies are needed to drill down

into the similarities and differences or the relationships between various types of SD's and firms and elaborate on the actual practices further.

#### **3.4.1 SD's implementation frameworks in practice**

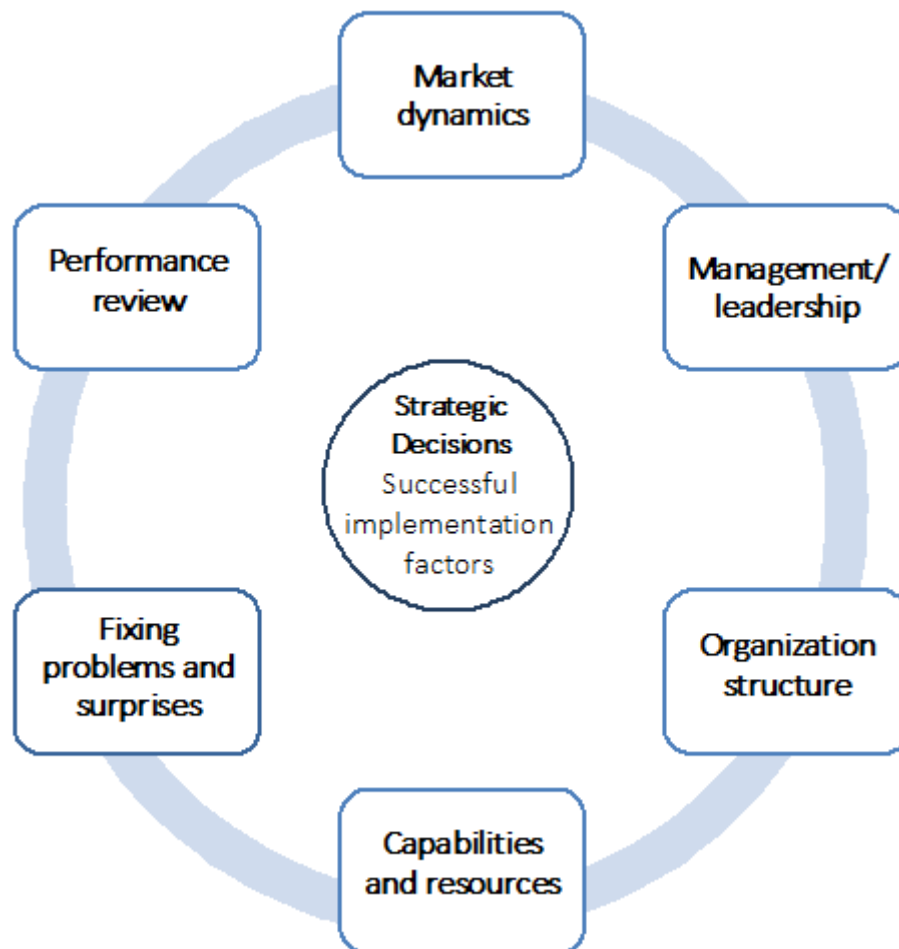
As it has been shown in the findings and discussions above, the SD's were not the creation of pre-determined, long-range strategies and plans. They were so natural, dynamic, and evolving. They took quite some time to roll out and longer time to implement through on-going business management to reap their benefits. They are triggered by factors related to market conditions, and performance review. See **Figure 29** in **sub-section 3.3.1**.

Also, it has been found in the study that successful SD's were not only about making good decisions, which is a pre-requisite of successful SD implementation, but also about affecting and making them work by exerting a lot of efforts and hard work and considering a host of factors including market dynamics, management and leadership, organization structure, capabilities and resources, fixing problems, and performance review. **Figure 30** below depicts a proposed framework for successful SD's implementation.

### **3.5 Conclusions, limitations, and further studies**

A large percentage that ranges from 60-90% of strategies or strategic decisions does fail (e.g. Mankins and steels, 2005; Miller, 2002, p. 544; Bigler, 2011, p. 29). Literature indicates that it is the implementation stage that should be blamed the most (Al-Ghamdi, 1998, as reported in Beer et al, 1990). Provided that good SD's are made, the issue of implementation is worth the effort to study and look into. Mainstream literature over few decades proposed prescribed, step-wise models to deal with the problem. Emerging stream of research opted to look into this issue from reality and actual practice or in practice to understand the phenomenon of strategy and SD's in depth. This study attempts to contribute to this body of literature utilizing qualitative research methods. Grounded only on data, GT was used to build theory on SD's implementation. The study, however, also used some quantitative data

such as SD's success rating and frequency of occurrence of factors to denote some points.



**Figure 30 Successful SD's implementation framework**

Taking into consideration the described setting and context of the study and its scope, it has been found that the SD's were the creation of actual needs triggered largely by circumstances related to market and performance. The SD's were not the creation of pre-determined, long-range strategies and plans. See **Figure 29** 'SD's lifecycle in practice' in in **sub-section 3.3.1**.

Despite the belief of the executives that the SD's were good, the decisions still faced several problems and surprises during implementation. A lot of exerted efforts through a host of factors were at play to make them work. The decisions that failed were also believed to be good SD's but had the fate of failure due to



the problems and obstacles related to the factors discussed in detail above. See **Figure 30** 'Successful SD implementation framework' above.

The study also found that there is some indication of contingency that is related to market dynamics and the type of the SD and the factors. This is a limitation that the study did not delve deeply into. Therefore, more should be done to uncover if there is really any relationship between the two. This can be done by conducting in depth, comparative studies on certain SD's or certain types of firms.

The data were collected from executives and members of their management teams. Having had access to other types of data such as records and documents could have enriched the study and added another layer of triangulation and rigor.

This study has proposed a "universal" (Wilson, 2004, p. 382) knowledge that holds true for the given context, sample, and circumstances. A larger sample might have provided additional support to this study and its findings. The access to the firms and the available time budget to the study affected that.

Several directions can be taken from here. For example, conduct a comparative study between the findings of this study and prescribed literature; replicate the study on other sample in other settings in any part of the world to support or alter the findings; conduct an in-depth case study on a successful firm to understand how the strategic transformation process works end to end in practice; or conduct a quantitative study based on the proposed frameworks to achieve generalizability. The choice of this research, however, was to focus on SD's in practice and investigate the underlying creation and implementation processes.

**Chapter 4** below presents the developments of this research in Project 2.

## 4 CHAPTER 4 - PROJECT 2 (P2)

### 4.1 Introduction

Project 1 (P1) attempted to understand how firms managed to implement their strategic decisions (SD's) successfully. That was actually translated into 'what' factors or enablers were helpful to implement these SD's successfully. Groups of factors were distilled through in depth interviews with the executives of the firms under study and employing a rigorous, lengthy, and systematic AI procedure.

To have a deeper understanding of SD's, the interviewees in P1 were asked to explain how SD's were made or what circumstances lead to their creation in the first place as part of my belief and experience about the interlink between making and implementing SD's. **Figure 30** 'Successful SD implementation framework' depicts the groups of factors that were distilled systematically from the data. See **Chapter 3** for details.

Greater interest about the origin of the SD's has started to develop as new insights were highlighted in the discussed findings so far. In addition to that, I have realized from the discussions that the broad 'how are SD's implemented successfully' question entails a lot more than focusing on factors or enablers.

Challenged and motivated by the above mentioned new direction, the data were analyzed and looked into again at from a totally different and wider perspective about the 'how SD's are created and implemented' question. This shift in focus and interest required listening to the interviews differently. Also, it required re-contacting some of the interviewees to clarify some points. Furthermore, data about additional SD's were collected in an attempt to confirm further the evolving results. See **Appendix K** and **Appendix L** for the general information about all the firms and interviewees used in both P1 and now P2. See also **Table 34** about all the SD's and their status.

At this stage, P2 stands out as a major development in my DBA research. There is a definite need now to advance the study in order to acquire the required knowledge to understand the origin of SD's and the process of creating

and implementing them in practice. This major role calls for the design and implementation of a full project. P2 is a cornerstone of this research because it addresses this key objective or question of ‘how SD’s are created and implemented’ empirically.

## 4.2 Method and Data

As detailed in P1 in **Chapter 3**, GT method employed in-depth interviews with the executives of known to be successful, medium to large firms. See P1 for details. Following the same method, two additional interviews were conducted in order to enrich the current data and verify the ongoing results further. This added additional rigor to and confidence in the study.

The firms are medium to large. They are well known in the market and have respectful names. The firms operate in a very dynamic environment. Changes in competition landscape and international and local regulations are continuous. Opportunities, however, are in abundance and the general market and economy conditions are very positive and healthy. The firms are mostly family businesses or dominated by families carrying their names. Good reputation is of high importance. The firms are managed and operated largely by highly experienced and professional expatriates.

**Table 34 SD Implementation Stage**

Firm	SD	Implementation stage reached
1	SD 1.1 Buy an existing and running factory	Exist at formalization stage
	SD 1.2 Merge	Passed operation stage and started yielding good results
	SD 1.3 Create JV	Passed operation stage and started yielding good results
2	SD 2.1 Foreign partnership and Restructuring	Passed operation stage and started yielding good results
	SD 2.2 Convert from Fabricator to EPC	Loop at formalization
3	SD 3.1 Add and invest on a new major h/w product line	Passed operation stage and started yielding good results
	SD 3.2 Add and invest on a new particular major s/w product line from a	Exist at operation stage

	new major partner	
	SD 3.3 Acquire an established partner in a certain line	Loop at formalization
	SD 3.4 Create a JV with an established partner in certain line	Passed operation stage and started yielding good results
	SD 3.5 Add a new particular type of e-business	Loop at operation to prepare for operation details
4	SD 4.1 Create JV	Passed operation and started yielding good results
5	SD 5.1 Companywide restructuring	Exist at operation stage
	SD 5.2 Creating a new company	Passed operation and started yielding good results
6	SD 6.1 Expanding to full agencies product lines	Passed operation and started yielding good results
	SD 6.2 Companywide restructuring	Exist at operation stage
7	SD 7.1 Expand the distribution network country wide	Passed operation and started yielding good initial results
8	SD 8.1 Creating a new company	Passed operation and started yielding good results
9	SD 9.1 Create a JV	Passed operation and started yielding good results
	SD 9.3 Acquire a company	Exist at formalization

The findings in **section 4.3** below are presented step by step leading to the development of the SD's creation and implementation process.

### 4.3 Findings

In order to deal systematically with the SD's, the following **Table 35** to **Table 52** list the scripts or stories of the process that were abstracted directly from the data. Notes are added to the tables below to denote the elements of the process such as: observe, qualify, formalizing (F), and operation (O). See **Appendix M** for an overall image of the final template that was used to tabulate and analyze the data using SI procedures. A *readable* sample is also included at the end of this appendix. See **Appendix N** for an overall image of the transcribed data that populated the table iteratively case after case. This appendix also shows a *readable* sample. The purpose of the images in these appendixes is just to show the overall process, not the data.

**Table 35 SD 1.1 coding**

<b>Abstract from the interview</b>	<b>Notes</b>
Management wanted to grow	Broad desire
On-going actions [current operations]	Action (O)
We believe no one can stay where he is, either you grow or you have to be back	Observing/Thinking-value
Our performance and growth have been profitable but slow and limited	Observing/Thinking
We need to invest and expand and gain bigger market share	Conversation/Thinking
We have been observing the market and our performance	Observing/Thinking
The market started to boom, that was a good opportunity to grow	Event/Trigger/attention=Performance, Market
We need to acquire the required technology and facilities quickly and do it now to gain bigger market share	Observing/Thinking, Timing
We decided to buy an existing and running factory	SD created
We were unable to buy that factory because it was not assigned to the right team to conclude this transaction	Action (F) and Action (O)
Business continued with discussions about finding ways to grow	Conversations/Thinking
Review results	Observing/Thinking
Results: SD was not successful and did exit during F stage due to finding the right partner	Results

**Table 36 SD 1.2 coding**

<b>Abstract from the interview</b>	<b>Notes</b>
Management wanted to grow	Broad desire
On-going actions [current operations]	Action (O)
We believe no one can stay where he is, either you grow or you have to be back	Observing/Thinking-value
Our performance and growth have been profitable but slow and limited	Observing/Thinking
We need to invest and expand and gain bigger market share	Conversation/Thinking
We have been observing the market and our performance	Observing/Thinking
The market started to boom, that was a good opportunity to grow	Event/Trigger/attention=Performance, Market
We need to acquire the required technology and facilities quickly and do it now to gain bigger market share	Observing/Thinking, Timing
We decided to buy an existing and running factory	SD created
We were unable to buy that factory because it was not assigned to the right team to conclude this transaction	Action (F) and Action (O)

**Table 37 SD 1.3 coding**

<b>Abstract from the interview</b>	<b>Notes</b>
On-going actions [current operations]	Action (O)
Then we said we want to be the biggest company in our field in our area – strategic plan	Observing/Thinking, Specific goal
The market is still growing and our performance is getting better	Event/Trigger=Market, motivated
We said nobody can stop where he is, he needs to grow, We need to invest further	Value
SD=we decided to create a JV	SD created
We looked for a right partner in the same field with synergy that can do the deal and merge	Action (F)
It was successful [enablers were mentioned]	Action (O)
There were difficulties and surprises which we are fixing until today	Action (P)
Business continued plus O of SD2 and O of SD 3	Action (O)
<b>Results:</b> SD was implemented and the results were positive	Results

**Table 38 SD 2.1 coding**

<b>Abstract from the interview</b>	<b>Notes</b>
The market has been hunted by foreign companies	Observing/Thinking
The company as a JV affected negatively	Observing/Thinking
Current companies demanded higher change order rates, which affected project cost	Observing/Thinking
Our performance was going down, and something must be done about suppliers, prices, and efficiency	Conversation/Thinking
Our major customer started to prefer other companies that control cost increase through LSTK projects	Trigger/Event –market/Attention
The company has been performing very poorly in the past few years	Trigger/Event –performance
Other companies became highly efficient and competed with low cost, subsidized material	Conversation/Thinking
Current companies started to lose ground against Asian companies	Observing/Thinking
until that time the company did not get any major project and CEO became under more pressure	Observing/Thinking
The previous CEO resigned, when I took over I knew what was going on in the market	Observing/Thinking
It was a matter of 2 to 3 years, it is either you take the company up or go somewhere else	Observing/Thinking/value
The value of our projects depends on the material used	Observing/Thinking
Wanted to focus on material and efficiency and the type of the projects	Conversation/Thinking/direction
Weighed the consequences and made out mind about production	Thinking/Qualify
Approached companies that I have in mind to build relation	Action (M) - initial
SD=We decided to create a strategic partnership and restructure factory, especially estimation and manuf.	SD created
We have spent a lot of time and effort to conclude a partnership	Action (F)
It was successful and managed to triple the performance of the company [enablers were mentioned]	Action (O)
There were difficulties and surprises which we have fixing	Action (P)
Business continued plus O of SD1	Action (O)
Results: SD was implemented and the results were positive	Results



**Table 39 SD 2.2 coding**

<b>Abstract from the interview</b>	<b>Notes</b>
We want to grow more	Broad desire
On-going actions [current operations]	Action (O)
Daily discussions and review	Thinking/Conversations
With the success gained from the SD, we wanted to grow further and create another success	Trigger/Event-performance motivation
Increasing demand for EPC rather only supply or manufacturing	Trigger/Event-market
EPC has a better grip and bigger share of the market and O&G manufacturing has a limited life	Observing/Thinking/attention
Expected return will help the company grow further and improve performance	Thinking/qualify
SD=We decided to convert into EPC	SD created
Started to bring an established engineering partner locally but could not. They did not accept our terms	Action (F)
Tried to acquire the technical resources and expertise but could not	Action (O, P)
Realized that we need to bring a partner that is looking for local registration and gain from the partnership	Action (O, P)
In the final stage of concluding a partnership	Action (O, P) LOOP
Results: SD is in a loop at the F stage	Results

**Table 40 SD 3.2 coding**

<b>Abstract from the interview</b>	<b>Notes</b>
On-going actions [current operations]	Action (O)
Have been complementing s/w solutions with some available s/w to offer integrated systems	Observing/Thinking
Often lost deals due to higher h/w prices and have been looking for solutions to have a competitive edge	Observing/Thinking
Have been looking around for cost effective h/w systems to gain a competitive edge	Conversation/Thinking
Have been discussing with the partner possibilities to improve, including taking advantage of existing skills	Conversation/Thinking
Major vendor acquired a well-known h/w brand, which can help us achieve our expectations	Trigger/Event-market
SD=We decided to add a new major, non-software product line from the current vendor	SD created
Arranged with the vendor for the formalities needed to be eligible to offer these solutions	Action (F)
Required recourses and expertise and structures have been upgraded	Action (O)
Won a major deal with a major client. We were lucky as this deal lead to a lot of publicity and other deals	Action (O)
It was successful and lead to 40% increase in business [enablers were mentioned]	Action (O)
Review results	Observing/Thinking
There were difficulties which we managed to deal with	Action (P)
Learning and improving and discussing	Observing/Conversations/Thinking

Results: successful so far	Results
SD3.2	
On-going actions [current operations]	Action (O)
Business have been going fine but thought about expanding further with new partners	Observing/Thinking
Solutions are ok but there is a lot of room to position additional solutions to other customers	Conversation/Thinking
Have been looking around to make new partnership agreements until we met with a major one	Action (F)
Clients are demanding options in solutions than can be sized as per their type and size	Trigger/Event-market
SD=We decided to add a new, major software product line from a new partner other than the major partner	SD created
We're not successful in this SD because were not able to conclude it due to the terms and conditions	Action (F)
and the level of investment required doing it and other reasons related to competition and uncertain future	Action (F)
A lot of financial and support issues forced to exit	Action (P)
Results: less successful and did exit at early O stage	Results

**Table 41 SD 3.3 coding**

<b>Abstract from the interview</b>	<b>Notes</b>
On-going actions [current operations]	Action (O)
Continued to explore other ways to expand our business	Broad goals, Conversation/Thinking
So we have been thinking and talking about an alternative to overcome the problems of SD 3.2	Conversations/Thinking

Have been observing the progress and performance of some firms that we can cooperate with	Observing/Thinking
un tapped market asking for less expensive solution	Trigger/Event-market
SD=We decided to acquire an established partner in a certain area	SD created
Still trying to conclude a partnership agreement due to no agreement on terms and conditions	Action (F) LOOP
<b>Results:</b> in progress so far but still going on to find the right partner. Loop in F stage	Results

**Table 42 SD 3.4 coding**

<b>Abstract from the interview</b>	<b>Notes</b>
On-going actions [current operations]	Action (O)
Continued to explore other ways to expand our business	Broad desire, Observing/Thinking/attention
So we discussed we needed to get to market quickly with minimum investment	Conversation/Thinking, Time
Have been observing the progress and performance of some firms that we can cooperate with	Observing/Thinking/ qualify
Presence of a very suitable partner	Trigger/even- Market
SD=We decided to create a JV with an established partner	SD created
Able to conclude a partnership agreement	Action (F)
Operating with no major issues were found to date	Action (O, P)
<b>Results:</b> successful so far	Results

**Table 43 SD 3.5 coding**

<b>Abstract from the interview</b>	<b>Notes</b>
On-going actions [current operations]	Action (O)
Continued to explore other ways to expand our business	Observing/Thinking
Have been thinking about and discussing doing e commerce business	Conversation/Thinking
Our key partner is very keen to launch a certain type of e-business and gave us full support	Observing/Thinking/attention
SD= SD 3.5 Add a new particular type of e-business	SD created
Concluded the agreement and the financial mode	Action (F)
Initial operations	Action (O)
Initial operations and pricing/sales related problems	Action (P) LOOP
Results: Still going through initial operation details	Results

**Table 44 SD 4.1 coding**

<b>Abstract from the interview</b>	<b>Notes</b>
Have been performing positively	Observing/Thinking
Some slowness in business has been felt due to slow issuance of major engineering projects to local firms	Observing/Thinking
-Have been thinking about solutions to revive and improve performance	Observing/Thinking
Some ideas revolved around creating strategic partnerships, being acquired, or merged	Observing/Thinking

Have been speaking and discussing with an international engineering firm that has high potential success with the customer	Conversation/Thinking
Our major customer has changed engineering projects strategy and imposed large local firms to create int'l JV's	Trigger/Event-market, Attention
Expected returns are positive and the opportunity should not be lost	Qualify
SD=We have decided to create a JV with that international engineering firm and spin off non O&G business	SD created
The JV went through a detailed due diligence activity to conclude it	Action (F)
It was successful so far [enablers were mentioned]	Action (O)
There were difficulties which we are managing	Action (P)
<b>Results:</b> successful so far with good results	Results

**Table 45 SD 5.1 coding**

<b>Abstract from the interview</b>	<b>Notes</b>
Have been observing that performance is not so positive, and that there was a chance to do better	Observing/Thinking
Consultant were hired to analyse the situation and recommend solutions	Observing/Thinking
Consultant recommended restructure engineering contracting services	Trigger/Event-perform/Consultant
SD=We decided to restructure our engineering contracting services	SD Created
We structured units, jobs, management, etc..	Action (F)

We were not successful in this SD because of a lot of issues including the support of top management	Action (O)
Some operational problems were faced as well	Action (P)
Results: less successful. Restricting was incomplete and no results were gained. Did exit in O stage	Results

**Table 46 SD 5.2 coding**

<b>Abstract from the interview</b>	<b>Notes</b>
On-going actions [current operations]	Action (O)
On-going discussions and thinking about growing and doing better, especially with the growth in the economy	Conversation/Thinking
Have thought about focusing our resources on a major contracting field	Observing/Thinking
We were invited to bid on a mega transportation project	Action (O)
Have worked hard to win and indeed did, hoping to do more in that direction	Action (O)
The results of that mega project were excellent, and we thought very seriously about heavy investment	Trigger/Event-market/qualify
SD=We decided to create a whole new division or company to handle major transportation projects	SD created
Creation of structures and business units, resources and assets, ..	Action (F)
It was successful so far [enablers were mentioned]	Action (O) LOOP
There were difficulties which we are managing	Action (O)
Results: successful so far with the new profitable projects we won. Looped in O stage	Results

**Table 47 SD 6.1 coding**

On-going discussions and thinking about growing	Observing/Thinking
The risk from the competitors has been increasing to acquire portion of our market	Trigger/Event-market/time/qualify
SD=We decided to expand the lines and do all the necessary work to protect the business	SD created
We discussed the situation and found that the current risk does not justify the high investment	Conversation/Thinking
We kept our eye open on the market to check risk levels	Observing/Thinking
Once we were convinced that the risk outweigh the investment, we decided to start taking action	Action (F)
We invested and prepared ourselves to meet the demand	Action (O)
It was successful so far [enablers were mentioned]	Action (O)
There were difficulties which we are managing	Action (P)
Results: successful so far with the huge growing business and profit	Results

**Table 48 SD 6.2 coding**

<b>Abstract from the interview</b>	<b>Notes</b>
On-going actions [current operations]	Action (O)
With the growth in business we thought about the need to manage business better with the international vendors	Conversation/Thinking



The direction was in the area of making some changes in the business lines, management, resources, and policies	Conversation/Thinking
Consultant and International suggested restructuring to meet their requirements	Trigger/Event-market -Internal
SD=We decided to restructure the entire organization across all lines and managements	SD created
We were not successful in this SD because of a lot of issues including the buy out of line management and employees	Action (O and P)
Results: less successful and results were not achieved. In the contrary, it fired back. Did exit in O stage	Results

**Table 49 SD 7.1 coding**

<b>Abstract from the interview</b>	<b>Notes</b>
On-going actions [current operations]	Action (O)
Business was ok but management realized through performance review since few years that we need to do better	Observing/Thinking
There was a review of causes and issues and one major issues was the distribution network	Observing/Thinking
The largest distributor has not been active in expanding and growing	Observing/Thinking
We demanded to invest and grow but results are not as hoped to be	Conversation/Thinking
New competitors are about to enter into the market and create high risk	Trigger/Event-market/Attention
Discussions were done to take the next move and verify the consequences	Qualify
SD=We decided to expand the distribution network and requite new capable distributors	SD created

We have been going through a lot of meetings to recruit capable distributors	Action (F)
We managed to recruit partial after a long time but efforts are still going on to recruit more	Action (F) - LOOP
It was successful so far [enablers were mentioned]	Action (O) - LOOP
There were difficulties which we are managing	Action (P)
Results: successful so far but more is needed. Loops in F and O stages	Results

**Table 50 SD 8.1 coding**

<b>Abstract from the interview</b>	<b>Notes</b>
On-going actions [current operations]	Action (O)
Real estate business is booming and demand is rising sharply	Observing/Thinking
We have been thinking about adding a new business line dedicated to real estate	Conversation/Thinking
Funds are available and registration takes just few days	Conversation/Thinking
Other competitors are going in that direction and an immediate action is needed	Trigger/Event-market/Attention
Expected financial returns are very positive	Qualify
SD=We decided to create a new company dedicated to real estate	SD created
Company was created	Action (F)
Company was put into operation immediately	Action (O), Time
The company started its operations and managed to grow 3 folds in just 5 years	Action (O) - LOOP
Results: successful so far. Some loop in O stage	Results

**Table 51 SD 9.1 coding**

<b>Abstract from the interview</b>	<b>Notes</b>
On-going actions [current operations]	Action (O)
We have already in mind to expand our business and grow	Observing/Thinking, Broad desire
We need the technology to acquire market share and we know where to go	Conversation/Thinking
Came to our knowledge that a company we were thinking about is looking for a partner to collaborate with	Observing/Thinking
It was the right time to move	Time
We met and discussed the opportunity and made initial feasibility study	Conversation/Thinking, Action (M) initial, Qualify
SD=We decided to create a JV	SD created
We agreed on terms of the agreement and created the JV	Action (F)
We started operations with some problems, which we managed to solve	Action (O), Action (P) - LOOP
Results: successful so far. There is a loop in O stage	Results

**Table 52 SD 9.2 coding**

<b>Abstract from the interview</b>	<b>Notes</b>
On-going actions [current operations]	Action (O)

Our business was successful and became a group of multiple lines	Observing/Thinking
We were thinking to expand one line and acquire the needed technology and is looking for growth	Conversation/Thinking
We had the funds but we need to search for the right partner	Conversation/Thinking
We came to know about the presence of a key company that can be potentially has the technology	Trigger/Event-market, Attention, Time
We analysed the case and found it feasible	Conversation/Thinking, Qualify
SD=We decided to acquire a company	SD created
We negotiated the deal but could not agree	Action (F)
We are still trying to conclude the JV with another partner	Action (F) - Loop
Results: Still in the loop of F stage	Results

## **4.4 Discussions**

This section discusses the origins of the SD's, implementing the SD's, and mapping the SD's to the creating-implementing SD's framework.

### **4.4.1 The origin and creation of the SD's**

The data have shown that generally there is no formal, step-wise, strategic plan in place. Firms, however, do have a broad desire and espoused goals to grow and improve performance. Virtually all the interviewed firms have this aspect in common.

The firms keep an ongoing observation of what is going on in the market, the environment, and the competition landscape. They understand the market and accumulate a lot of experience. Their experiences are blended with some held beliefs, values, and motives. For example, "We believe no one can stay where he is, either you grow or you have to be back", "nobody can stop where he is, he needs to grow ", "it is either you take the company up or go somewhere else", "foreign partners are here to make money, not for our eyes only", "solve the problems of one strategic decision and make sure it works before making the next decision, "do not get fat during success times in order to sustain profitability during difficult times", "do not get greedy". They also maintain ongoing observation of the operations and performance of the firm. They review business performance in terms of revenue, profitability, and other financial results. They think deeply about what is happening internally and externally, and do not rush to make SD's or implement them.

With the wealth of such accumulated experiences and up to date information, firms maintain an ongoing conversations and debates about high level directions and alternatives that they can take. So they have these directions or alternatives about their potential move in terms of acquiring additional key resources, investing in certain areas, moving into new markets, expanding product lines, and etcetera. These conversations are largely mental discussions supported with preliminary financial analysis. These conversations represent the ground on which the decisions are made. The urgency of the decisions depends on market conditions and

competition landscape, required investment and available capabilities, cost-benefit situation, and the risk and timing to move.

During the course of observing and conversing about potential moves, an opportunity or an event occurs. The opportunity captures their attention and interest. Further information is gathered and the opportunity or event becomes a key subject matter in the discussions. They qualify the opportunity when there is enough evidence that it will contribute to the firm's growth and performance improvement and directions. Qualification of opportunities is done informally through deep discussions and debates that might employ preliminary financial analysis. The SD is then created. They know that if they do not move, they will get behind and others will move and take the lead. At this stage of the SD life cycle, it is still at its infancy stage in terms of formality and action. The SD is not yet documented, yet it has a driving force to be deployed and succeed.

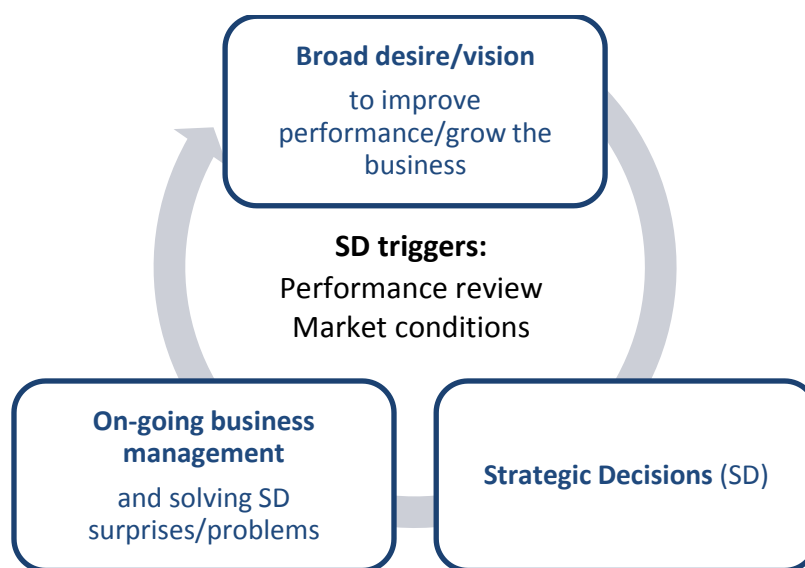
The most interesting thing about these SD's that have been reviewed was that they were not created from a highly formulaic, step-wise, pre-determined, rational process as per the teachings that have dominated strategy literature. Also, these SD's were not highly reactive and highly emergent from everyone's everyday actions and activities of both internal and external factors as per the teachings of a relatively more recent strategy as practice approach (Johnson et al, 2007).

These SD's sit in a middle ground that is neither highly formulaic nor highly reactive. This is the most interesting point that the data have revealed and discussed in the research so far. **Figure 63** depicts this result. In fact, these results have also triggered my interest about the subject to attempt to link SD's creation with its implementation as will be discussed below.

There is precedence in literature that proposed a process through which SD's are created (Mintzberg et al, 1976), which tracked SD's over a long period of time. That enabled them to propose a mechanism of how alternatives are generated and the choice is made. The process in my study, however, spanned and linked SD creation to implementation. Therefore, it added additional insights into our understanding and sense making of SD's. Furthermore, SD's implementation is viewed as an end to

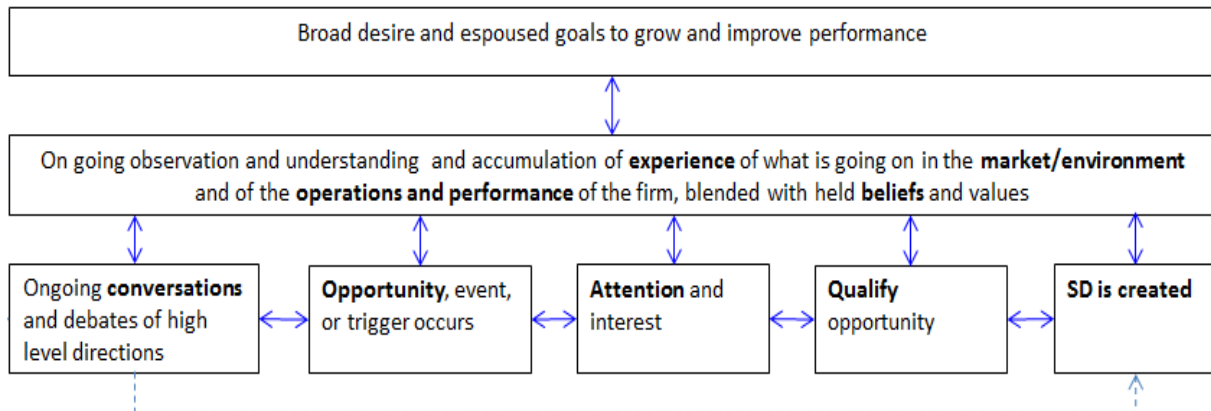
end cycle from creation to implementation and does not stop when, for example, a capital asset is procured, or a merger, JV, or restructuring formalities are completed. It is about actually putting the SD into production and operations. This can tell if the SD was good and its implementation was successful. Mintzberg et al (1976) have not looked at their reported SD's from this point of view.

Since P1 focused on the helpful success implementation factors, the reported relationship between broad desire or espoused goals to grow and improve performance and the creation of SD's was depicted as in **Figure 31**.



**Figure 31 SD lifecycle in practice (from P1)**

As this figure shows, broad desire and goals are directly linked to SD's. This is a very condensed model, which hides a lot of actions and steps that were revealed through revisiting and analyzing the data. **Figure 34** depicts a detailed process that was captured from the data explained above.



**Figure 32 Creation of SD's**

As shown in **Figure 32**, there are two directional links between all the elements to denote on-going and continuous interactions between them. The dotted link represents the possibility of making a decision based on a strategic plan as was noted in one of the SD's of a firm (SD 1.3).

#### 4.4.2 Implementation of SD's

As noted above, even though the SD has a huge driving force to succeed, it is still largely verbal. Putting it into action requires passing a stage of checking whether the conditions are suitable for implementation. Sometimes, they go ahead and implement the SD immediately and sometimes they wait for the right time to implement it. As noted earlier, the timing is contingent on the cost or level of investment, benefit, and risk.

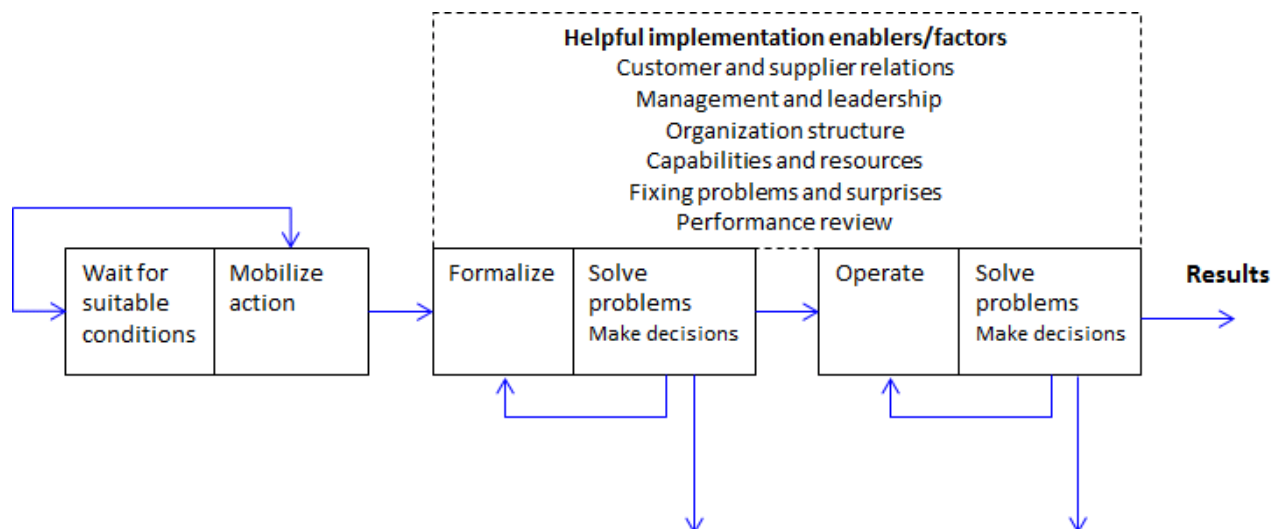
From here it goes into the mobilization stage at which key players are identified and mobilized to start taking early stage actions. This includes identifying leadership, key players, required resources, conducting further study and reviews, and developing a more detailed understanding of the direction and required actions.

Next, firms go through the next stage of formalizing the SD. At this stage, the SD becomes formal and starts to take shape and be manifested official and legally. This includes finding the right partners, signing agreements and contracts, conducting full due diligence, and structures and job duties and compensations developed. During



this stage problems and surprises can occur. Most SD's go through some type of difficulties and obstacles that require solving. Some SD's do not pass this stage. Some problems are insurmountable. Some other SD's do pass and go into the next stage of operation.

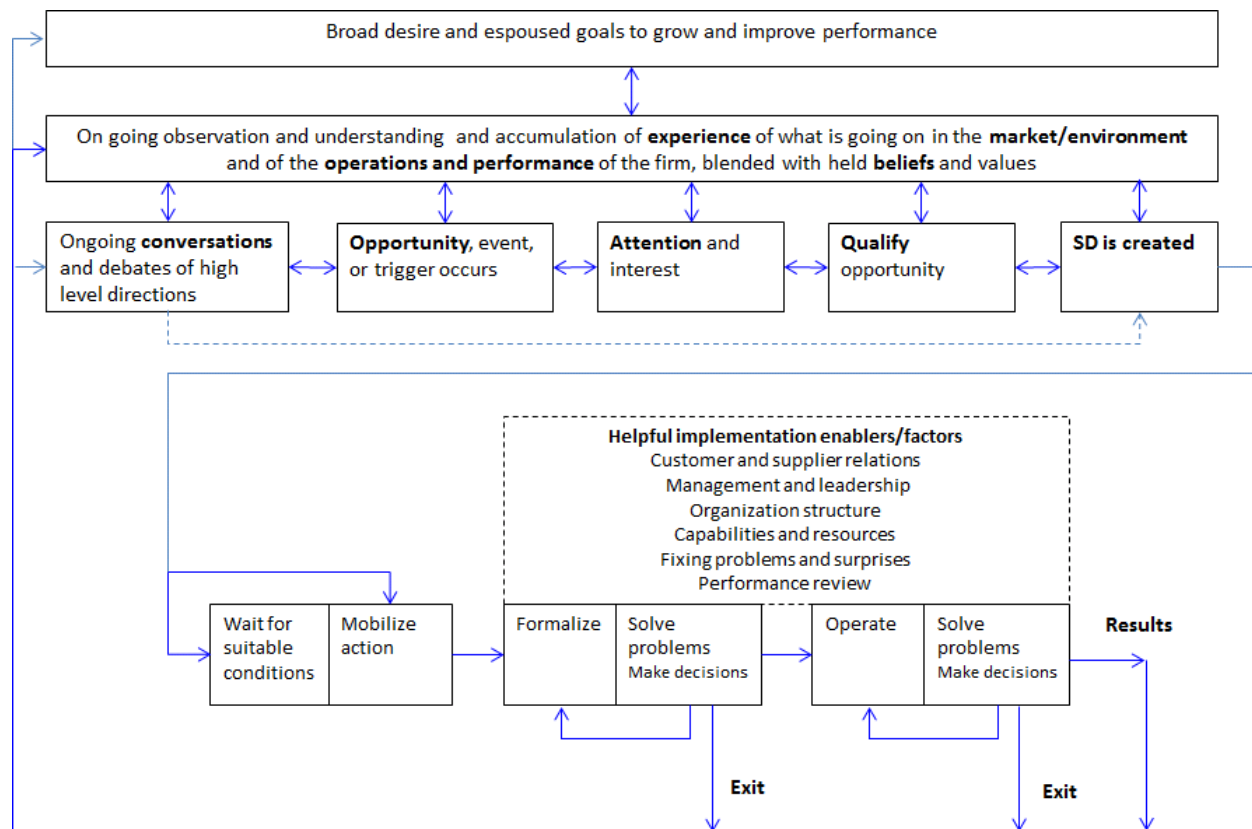
During the 'Operate' stage, SD's become part of the on-going business operations and business activities. This includes planning, production, sales and marketing, staffing, and operating. This stage faces problems and obstacles that require solving. Like the previous stage, some SD's fail to yield results and drop, and some SD's pass this stage and produce positive results. **Figure 33** depicts SD's implementation stages.



**Figure 33 Implementation of SD's**

The links in **Figure 33** are actually feedbacks at every stage that are connected to the SD's origin and creation point. The loops denote facing problems and solving them including finding the right partners, for example. The dotted box represents the helping implementation factors that enabled the implementation of the SD's. These factors were discussed in detail in P1.

**Figure 34** depicts the overall interconnection between all the elements of the process. The feedback and learning links go to the on-going observation and conversation processes to continue the SD's lifecycles.



**Figure 34 Figure 5 SD's creation and implementing process or framework**

The above representation or framework has gone through a lot of iterations and renderings along the way of pondering at data and trying to make sense out of it. **Appendix O** depicts some representations that were attempted before reaching to the selected representation in **Figure 34**.

The framework depicted in **Figure 34** reflects a general framework as reflected from the data. To the best of my knowledge, current literature does not present this level of detail and interlinks between creation and implementation. This is very interesting and intriguing as it can be a motivating point for further studies to enhance the

framework or explore each box in more depth. For example, how observations are done? How conversations are carried out? How qualification is done? And etcetera. Answering these questions in depth require developing interview instruments directly related to these questions. As noted above. Mintzberg et al (1976), for example, have done that to explore how alternatives are generated and the choice or selection is made. **Table 53** below summarises the stages explained above.

**Table 53 Descriptions of the SD creation-implementation process items**

Stage	Description
Broad desire and espoused goals to grow and improve performance	Espoused goals to improve performance of the firm and grow. These are at the back of the minds and heads of the executives
Ongoing observation	Observation and understanding and accumulation of experience of what is going on in the market/environment and of the operations and performance of the firm. The marketplace is continuously scanned and the firm's performance is continuously monitored
Ongoing conversations	Continuous and up to date, informed conversations and debates about high level directions set that guided a search for ways to respond. These conversations are blended with held beliefs and values and accumulated experiences. General directions include what to do and how to do it
Opportunity	An opportunity or event that triggers thought and action. Opportunities can be along the same lines of the general direction or similar directions or giving rise to new directions. . Little luck might help
Attention and interest	Up to date market information captures the attention of the executives and top management and becomes a key subject matter in meetings and discussions. It becomes interesting and start getting more information about it
Qualify opportunity	New information is processed and analysed largely mentally and judgmentally, supported with preliminary financial or feasibility analysis when needed. The new idea becomes more and more convincing.
SD is created	The SD is informed by all the ongoing strategic thinking and arising opportunities, giving it a driving force to succeed in its implementation. This driving force minimizes uncertainty and enhances the chances of success. It is still largely verbal or mental at this stage
Mobilize action	Executives and top management demonstrate dedication

	to turn the decision into reality by mobilizing for action. This includes determining the key players who will take the first practical actions and the main resources that will be needed to proceed. This also includes determining a timeframe for implementation
Formalize	At this stage, related resources will engage in activities related to turning the verbal decision into formal and documented one. This includes preparing and concluding contracts, agreements, partnerships, business models, and formal structure and job assignment
Operate	At this stage, the formalized SD is put into production by operating all the related business aspects such as production planning, logistics, procurement, sales and marketing, human resources, management, and leadership. Some luck might help
Suitable conditions	Taking actual and practical action requires the right circumstances such as level of required investment virus risk. Cost and benefits are weighed
Solve problems and make decisions	Virtually all SD's face problems and issues during various stages of implementation. Some of the problems are surmountable and the SD's start to give positive results and some SD's stay in a loop longer time, and some SD's exit the loop and end.

#### 4.4.3 Mapping the SD's pictorially

Inspired by the work of Mintzberg et al (1976), and in order to analyze the data further, all the SD's were mapped pictorially to the framework. **Table 54** below lists the SD's. The following pages depict mapping these SD's to the process or framework.

**Table 54 Lists of the SD's and their implementation stage**

Firm	SD	Implementation stage reached
1	SD 1.1 Buy an existing and running factory	Exist at formalization stage
	SD 1.2 Merge	Passed operation stage and started yielding good results
	SD 1.3 Create JV	Passed operation stage and started yielding good results
2	SD 2.1 Foreign partnership and Restructuring	Passed operation stage and started yielding good results

	SD 2.2 Convert from Fabricator to EPC	Loop at formalization
3	SD 3.1 Add and invest on a new major h/w product line	Passed operation stage and started yielding good results
	SD 3.2 Add and invest on a new particular major s/w product line from a new major partner	Exist at operation stage
	SD 3.3 Acquire an established partner in a certain line	Loop at formalization
	SD 3.4 Create a JV with an established partner in certain line	Passed operation stage and started yielding good results
	SD 3.5 Add a new particular type of e-business	Loop at operation to prepare for operation details
4	SD 4.1 Create JV	Passed operation and started yielding good results
5	SD 5.1 Companywide restructuring	Exist at operation stage
	SD 5.2 Creating a new company	Passed operation and started yielding good results
6	SD 6.1 Expanding to full agencies product lines	Passed operation and started yielding good results
	SD 6.2 Companywide restructuring	Exist at operation stage
7	SD 7.1 Expand the distribution network country wide	Passed operation and started yielding good initial results
8	SD 8.1 Creating a new company	Passed operation and started yielding good results
9	SD 9.1 Create a JV	Passed operation and started yielding good results
	SD 9.3 Acquire a company	Exist at formalization

SD1.1, Buy an existing and running factory, was less successful. One major formalization obstacles resulted in finding other ways to tap the market and grow. This situation was denoted as a loop and exit link in red.

SD1.2, Merge, on the other hand was labeled as successful based on the achieved results. It went through a lot of operational problems and obstacles that led to the loop at the operation stage. Finally, the SD yielded its expectations.

SD1.3, Create JV, was also labeled as successful and was affected by a strategic plan to become number one the market in a certain industry. Obstacles and

problems were also present in both formalization and operation stage, but the SD was labeled as successful.

SD2.1, Foreign partnership and Restructuring, was successful with solved problems at all stages.

SD2.2, Convert from Fabricator to EPC, is still at the formalization loop and is about to be concluded.

SD3.1, Add and invest on a new major h/w product line, was successful with some solved problems at the formalization stage.

On the other hand, SD3.2, Add and invest on a new particular major s/w product line from a new major partner, was less successful due to problems at an early operation stage and was not attempted any further.

SD3.3, Acquire an established partner in a certain line, is still going through the loop of formalization. They are still considering it as a viable SD and will pursue it with the availability of the right partner.

The next SD3.4, Create a JV with an established partner in certain line, is successful so far and giving the expected results.

SD3.5, Add a new particular type of e-business, on the other hand is still going through the initial operation issues and is expected to give positive results.

SD4.1, Create a JV, of the fourth firm is successful and has gone through a lot of formalization and operation problems.

SD5.1, Companywide restructuring, was less successful and exited in the operation stage with a lot of operation problems. It is noticed that the SD was outsourced by a consultant to the firm. The SD was not fully supported by top management.

SD5.2, Creating a new company, on the other hand was successful and yielded positive results despite the operation issues that they faced during implementation.

SD6.1, Expanding to full agencies product lines, was successful.

On the other hand, SD6.2, Companywide restructuring, was less successful. IN fact it fired back. It is noticed also that the decision was outsourced by a consultant. Despite the support of the top management, middle and line managers did not support it. Support from all the management levels is needed.

SD7.1, Expand the distribution network country wide, SD8.1, Creating a new company, and SD9.1, Create a JV, were successful despite the problems that they faced and fixed. SD9.2, Acquire a company, on the other hand is still going through the formalization stage.

Figure 35 to **Figure 53** depict the mapping pictorially. Thick lines denote the actual links that are related to the particular SD. The two directional links between all the elements denote on-going and continuous interactions between them.

The dotted link represents the possibility of making a decision based on a strategic plan as was noticed in one of the SD's of a firm (SD1.3). The loops at the Formalize and Operate stages denote facing problems and solving them including finding the right partners, for example.

The links going out of the Formalize and Operate stages are feedbacks, learning, and the status or result of the SD's.

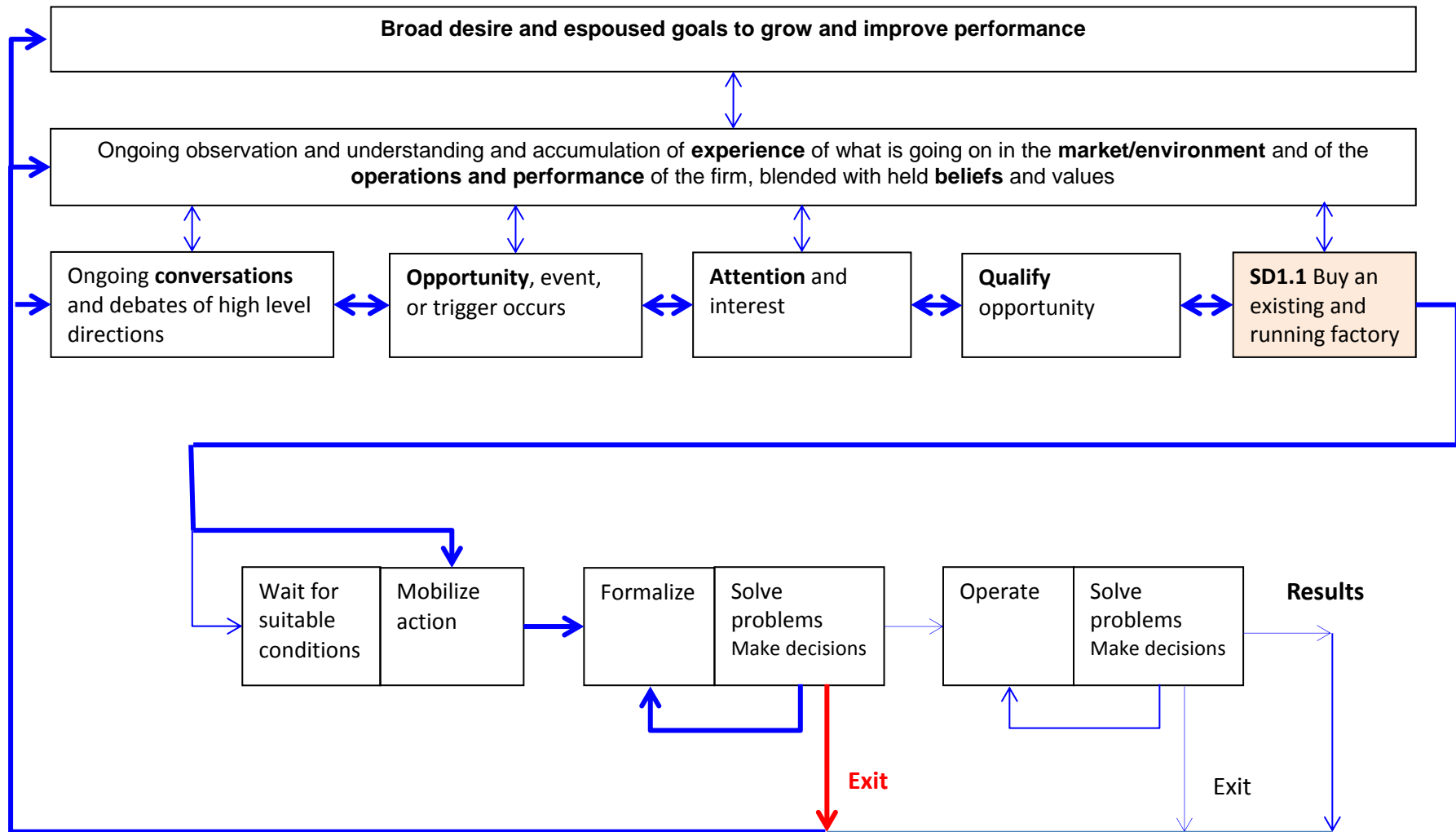


Figure 35 Mapping SD1.1 to the SD creation-implementation framework



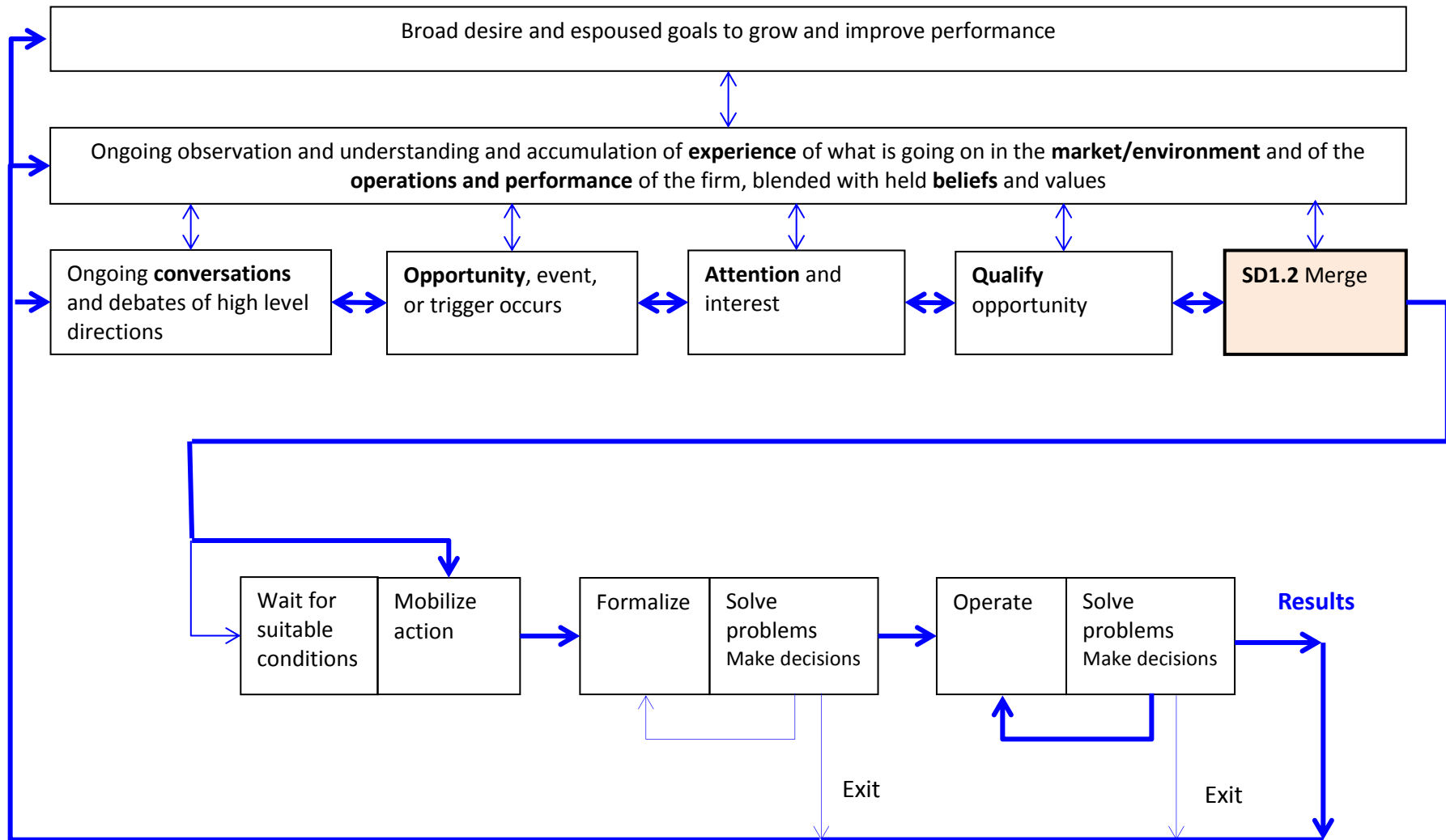


Figure 36 Mapping SD1.2 to the SD creation-implementation framework

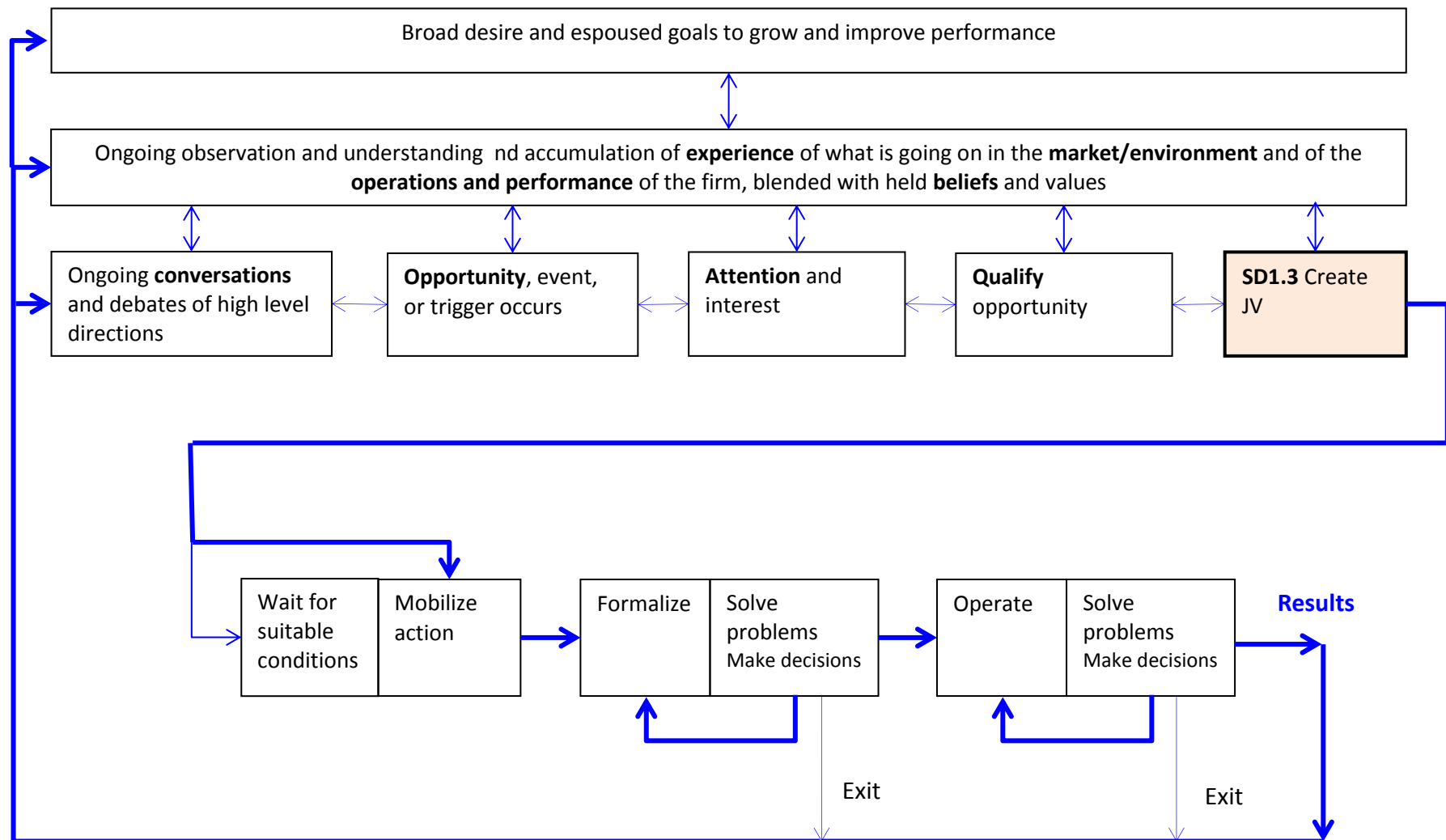


Figure 37 Mapping SD1.3 to the SD creation-implementation framework

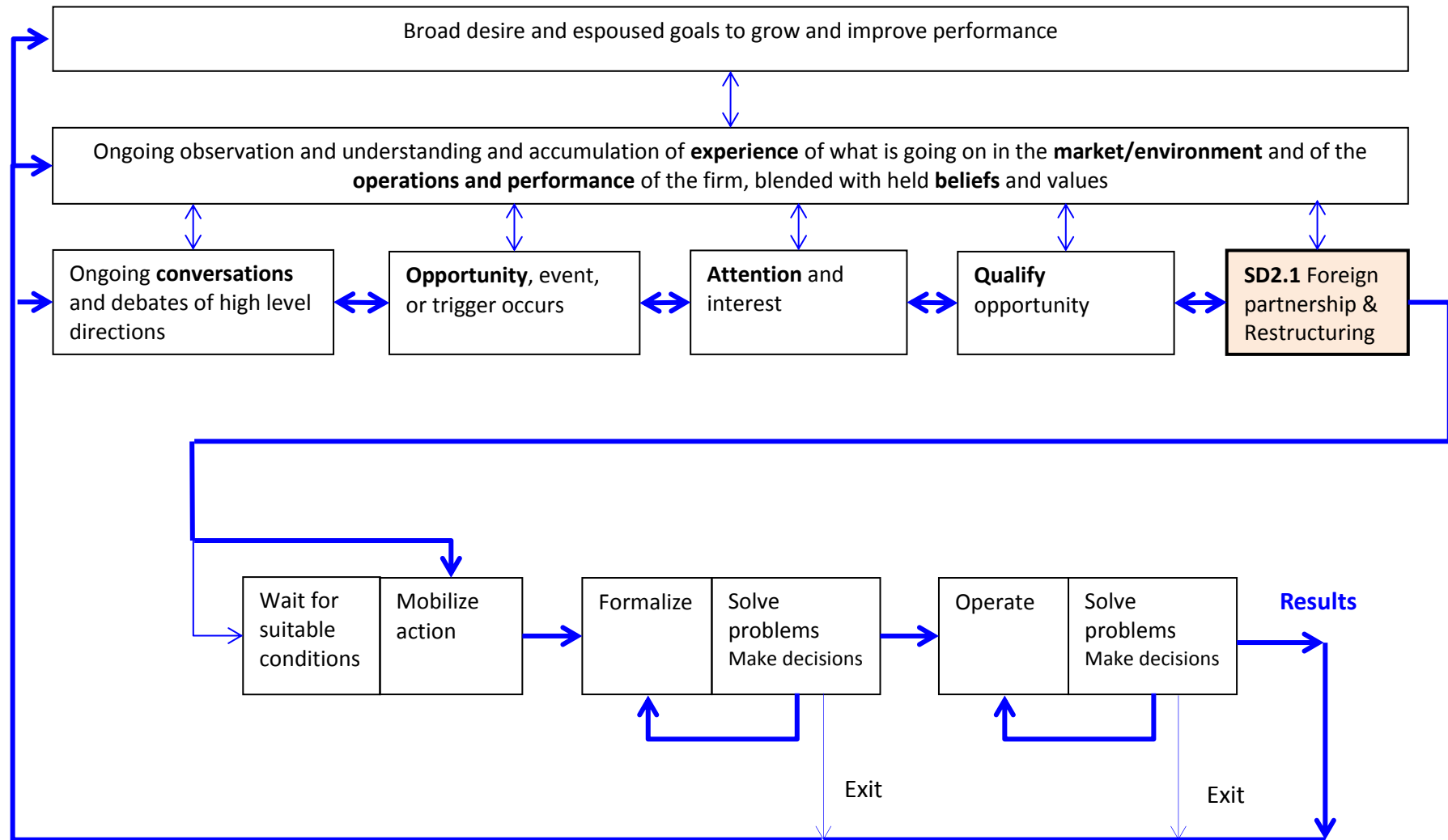


Figure 38 Mapping SD2.1 to the SD creation-implementation framework

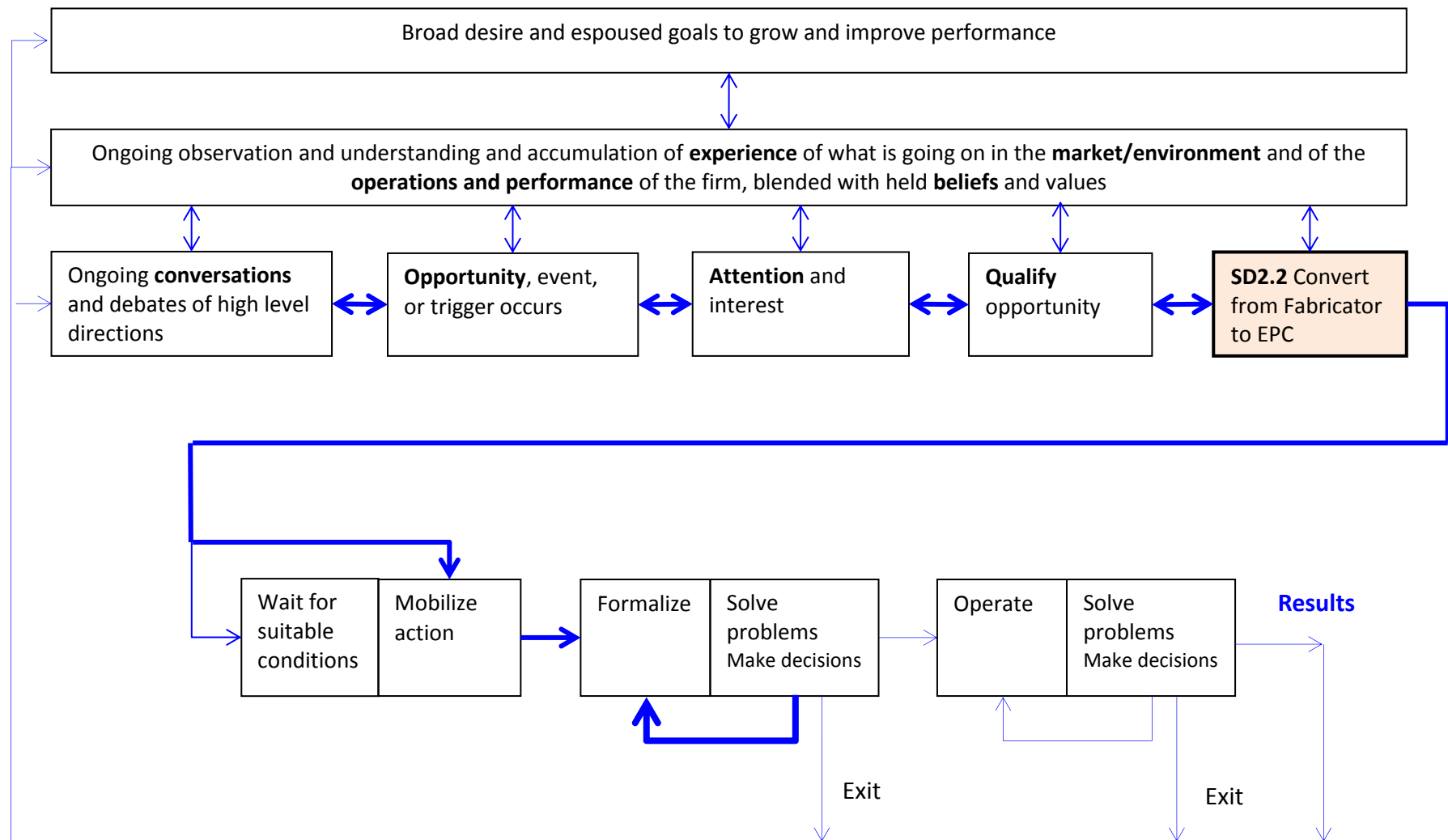


Figure 39 Mapping SD2.2 to the SD creation-implementation framework

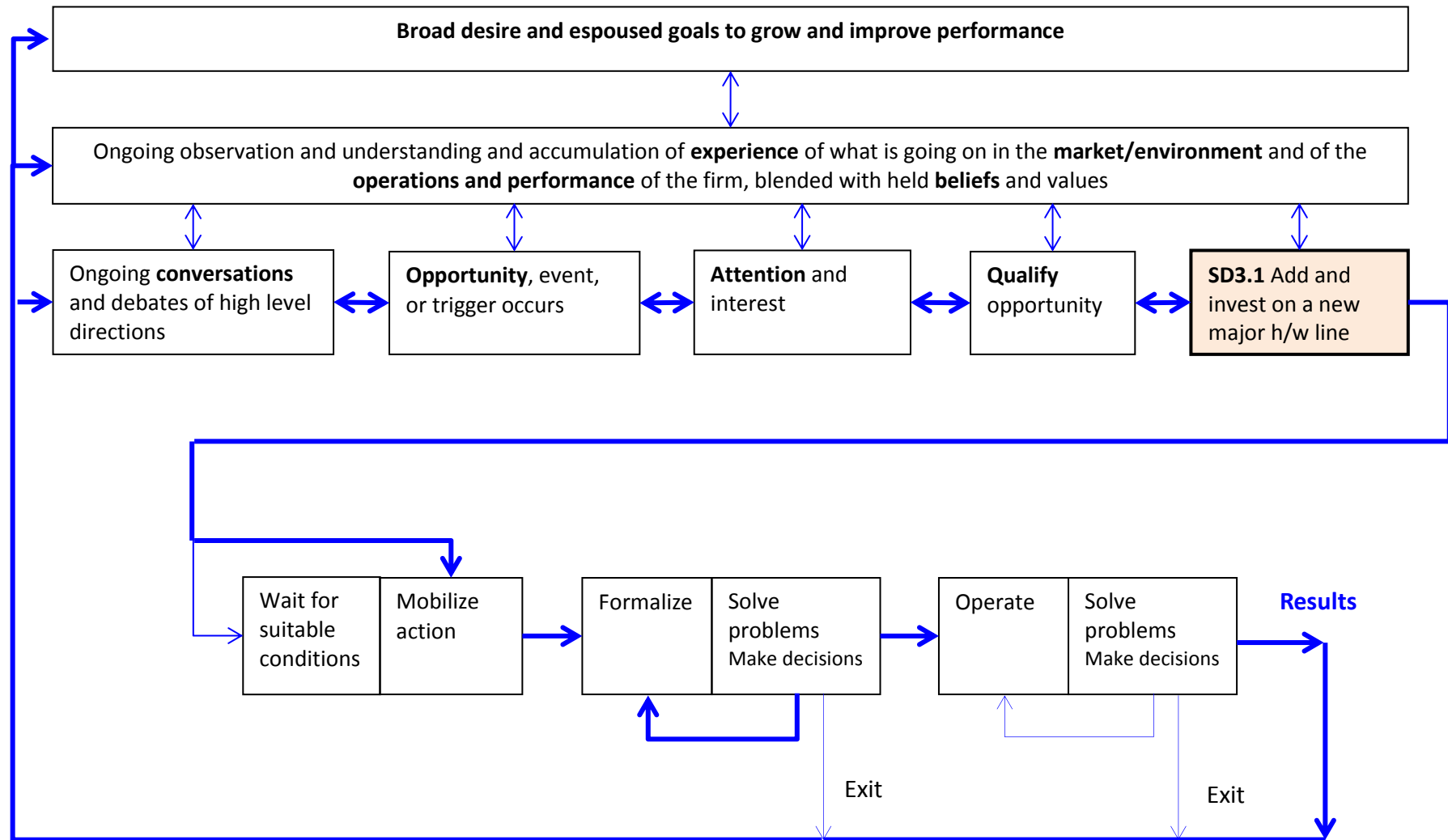


Figure 40 Mapping SD3.1 to the SD creation-implementation framework

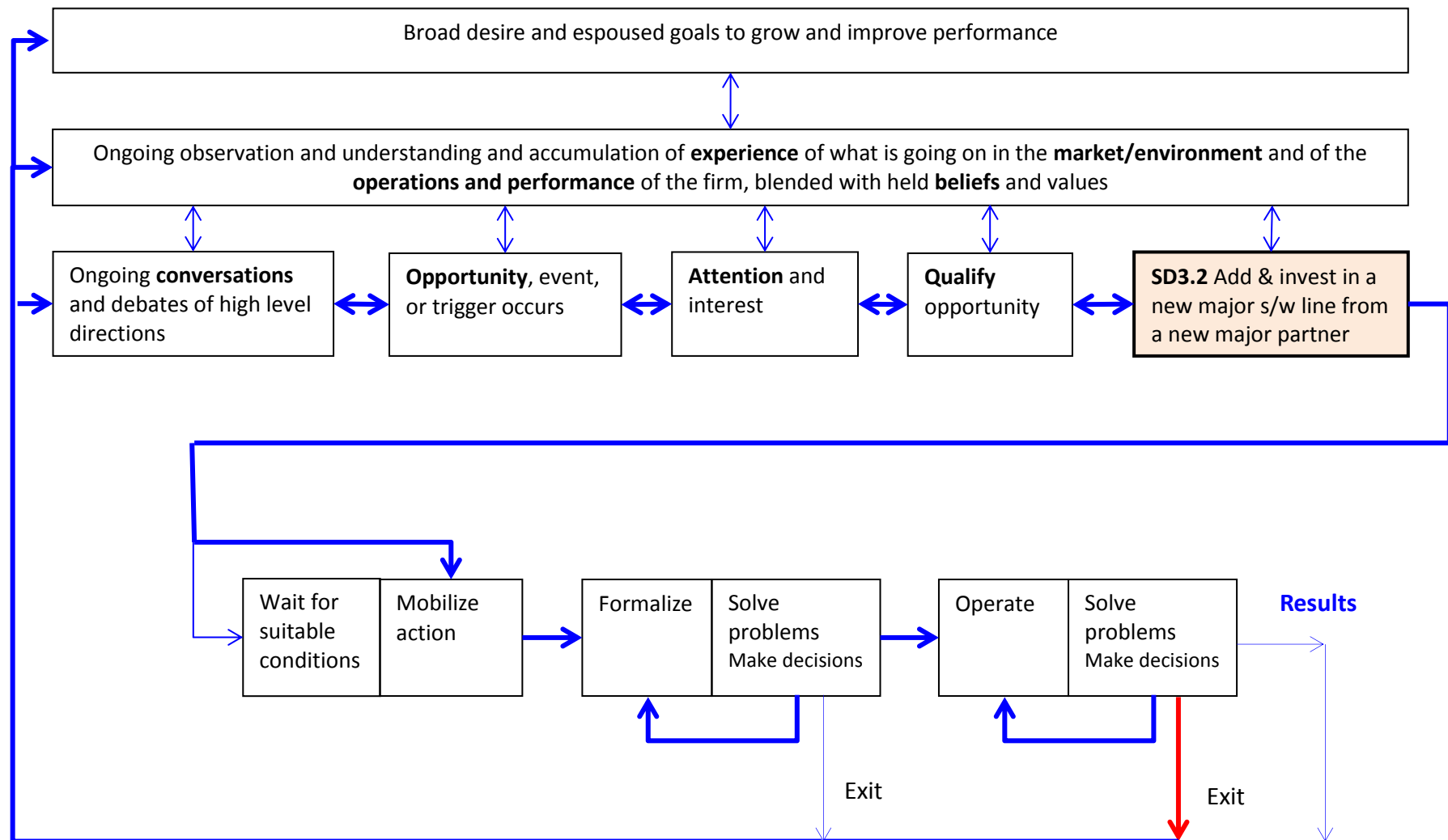


Figure 41 Mapping SD3.2 to the SD creation-implementation framework

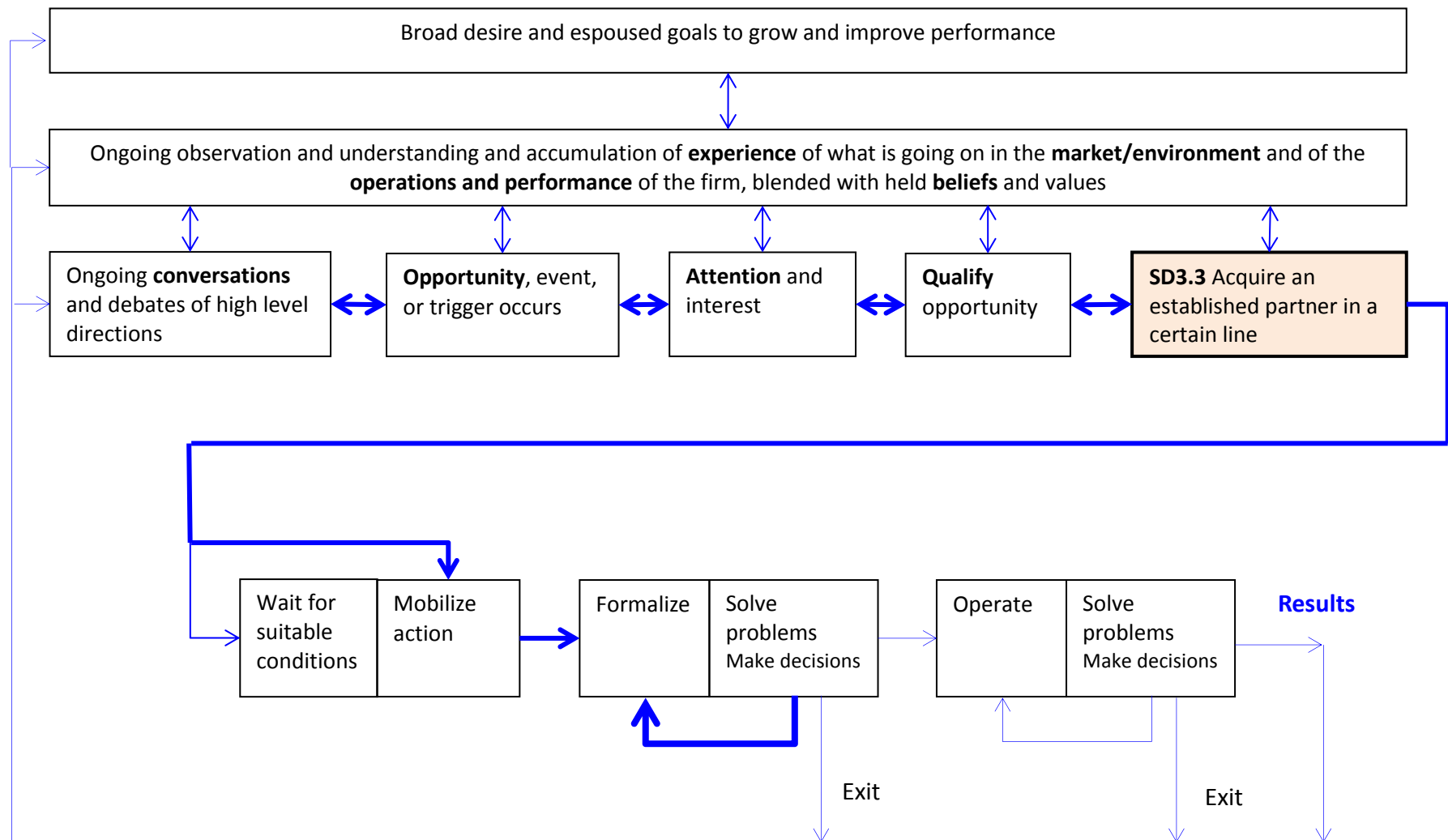


Figure 42 Mapping SD3.3 to the SD creation-implementation framework

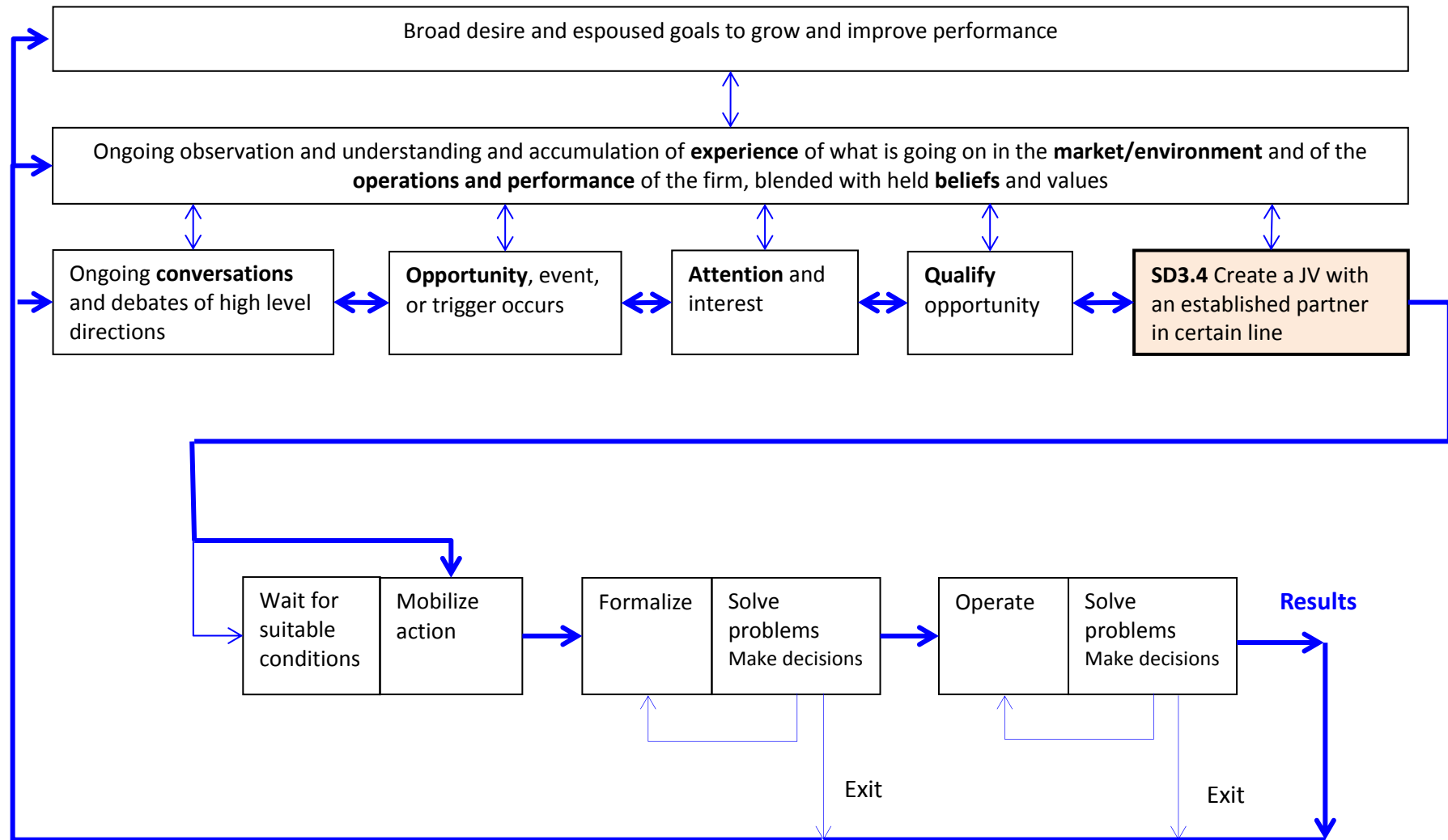


Figure 43 Mapping SD3.4 to the SD creation-implementation framework



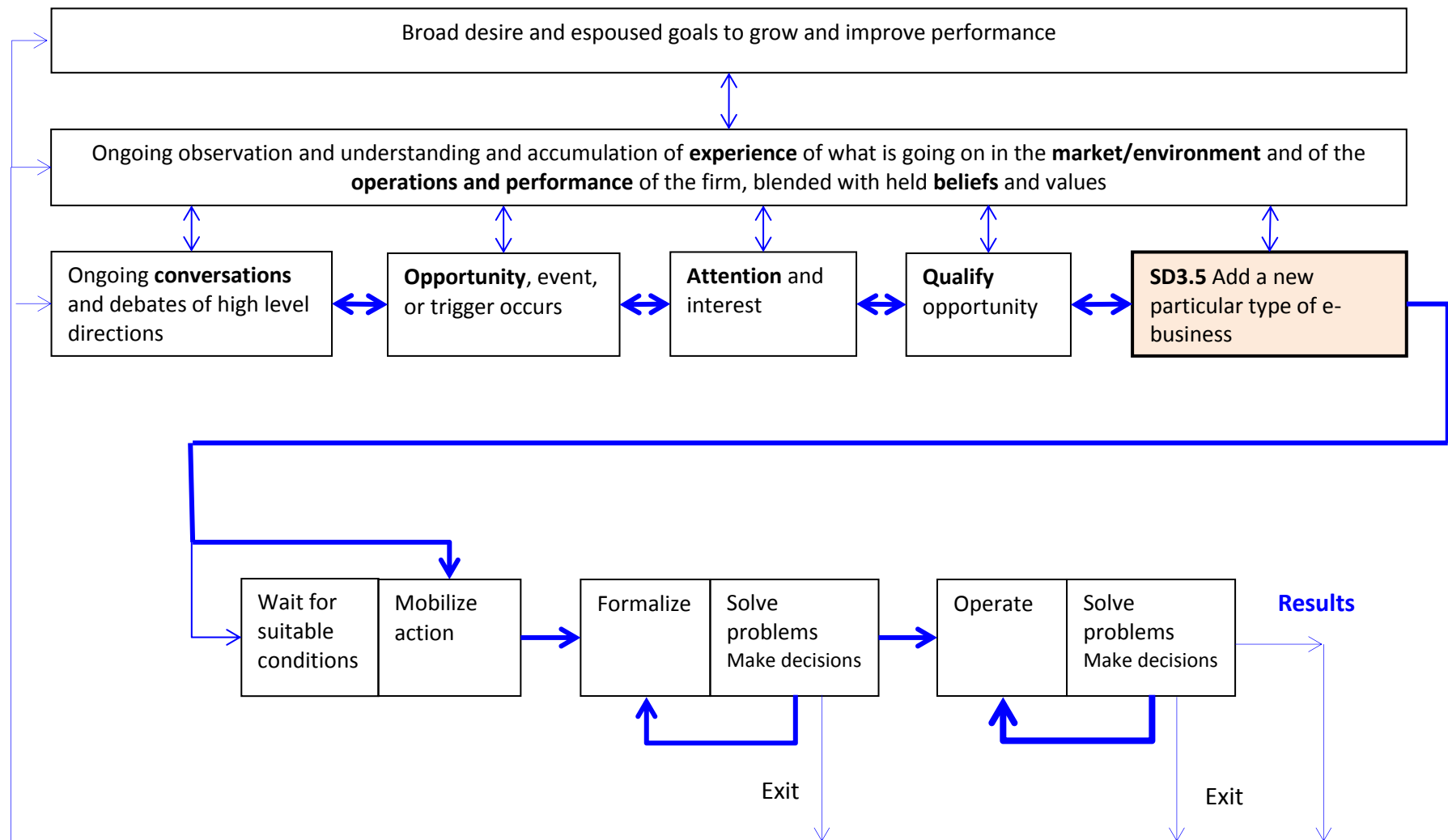


Figure 44 Mapping SD3.5 to the SD creation-implementation framework

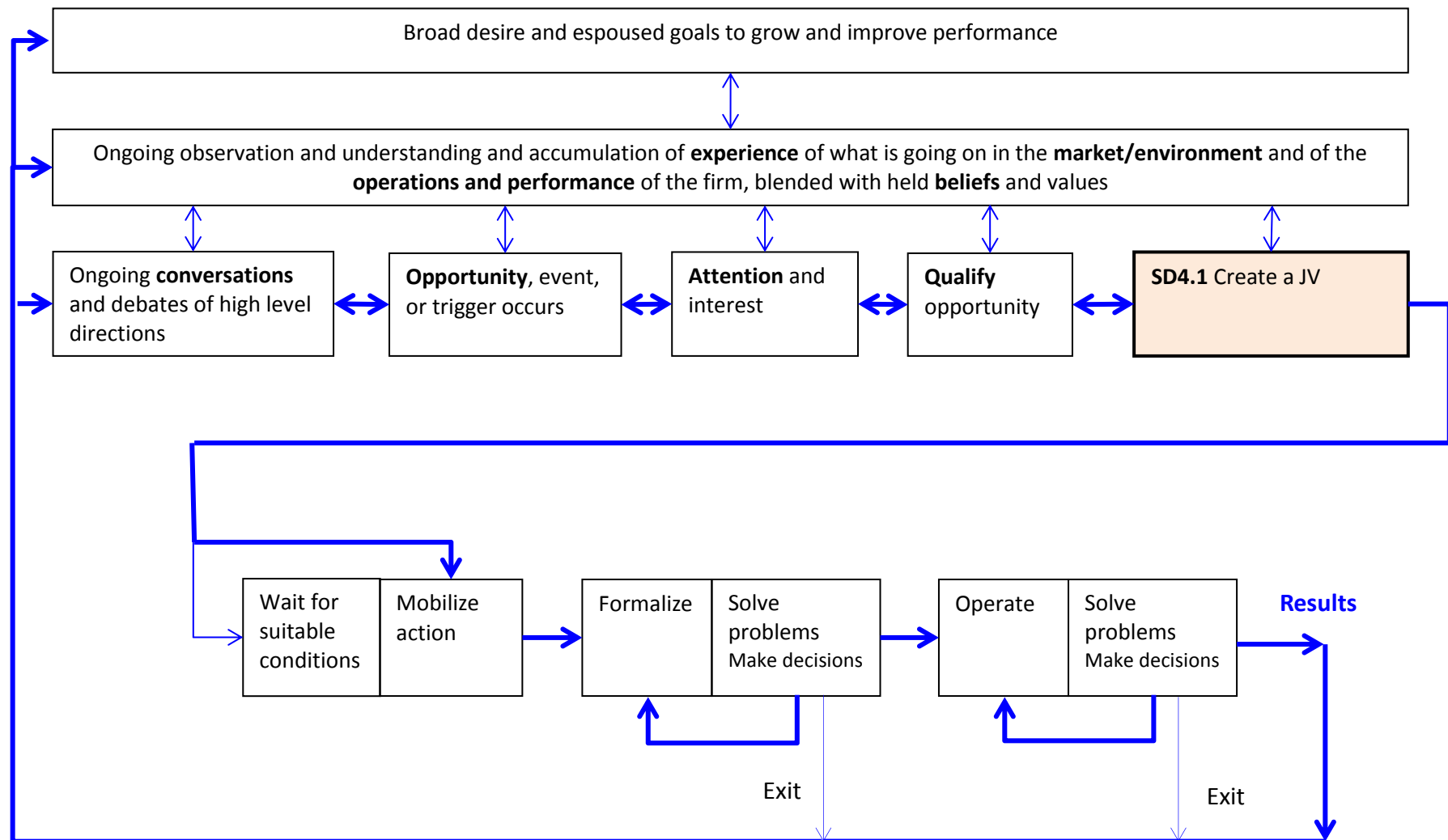


Figure 45 Mapping SD4.1 to the SD creation-implementation framework

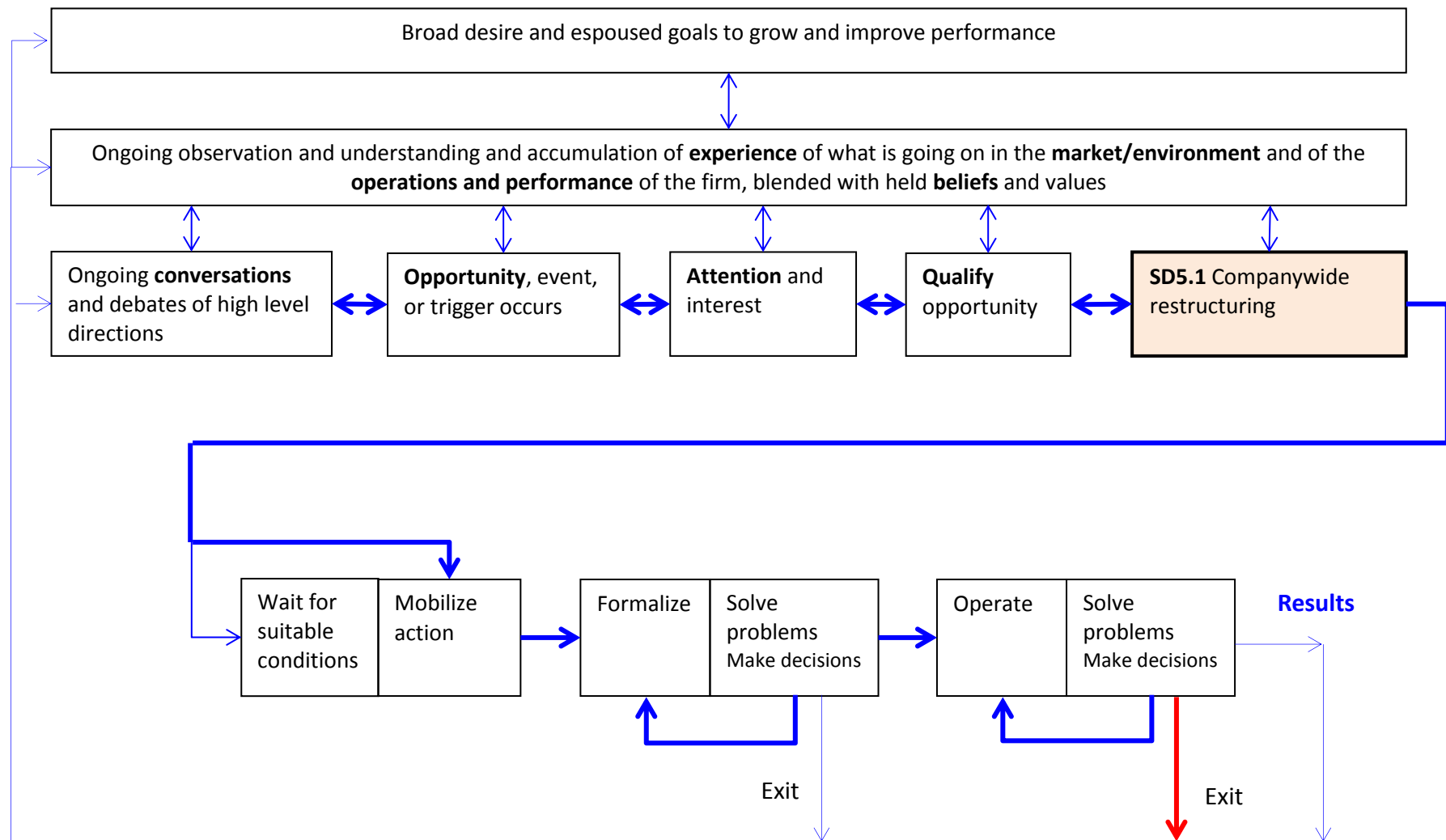


Figure 46 Mapping SD5.1 to the SD creation-implementation framework

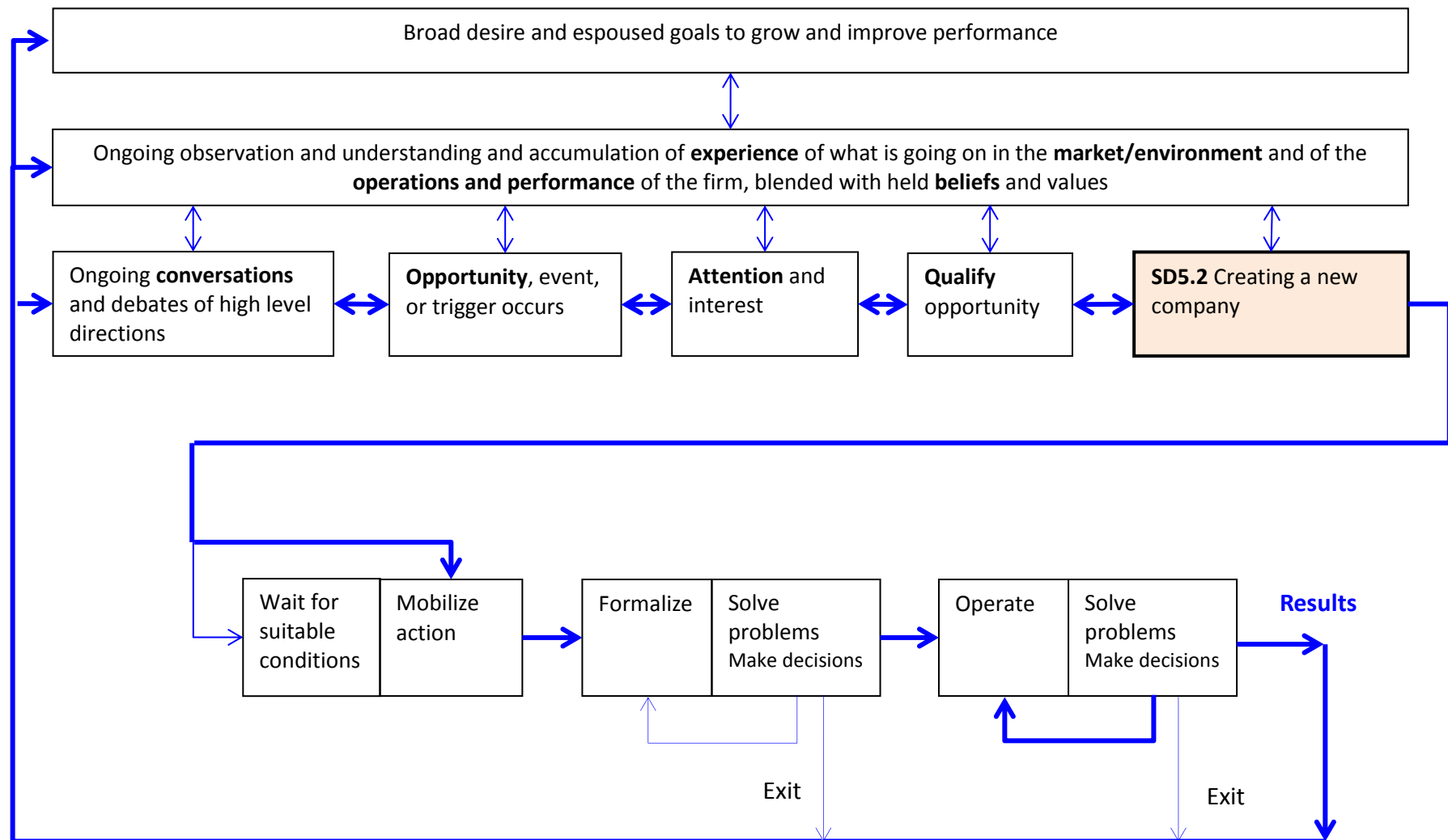


Figure 47 Mapping SD5.2 to the SD creation-implementation framework

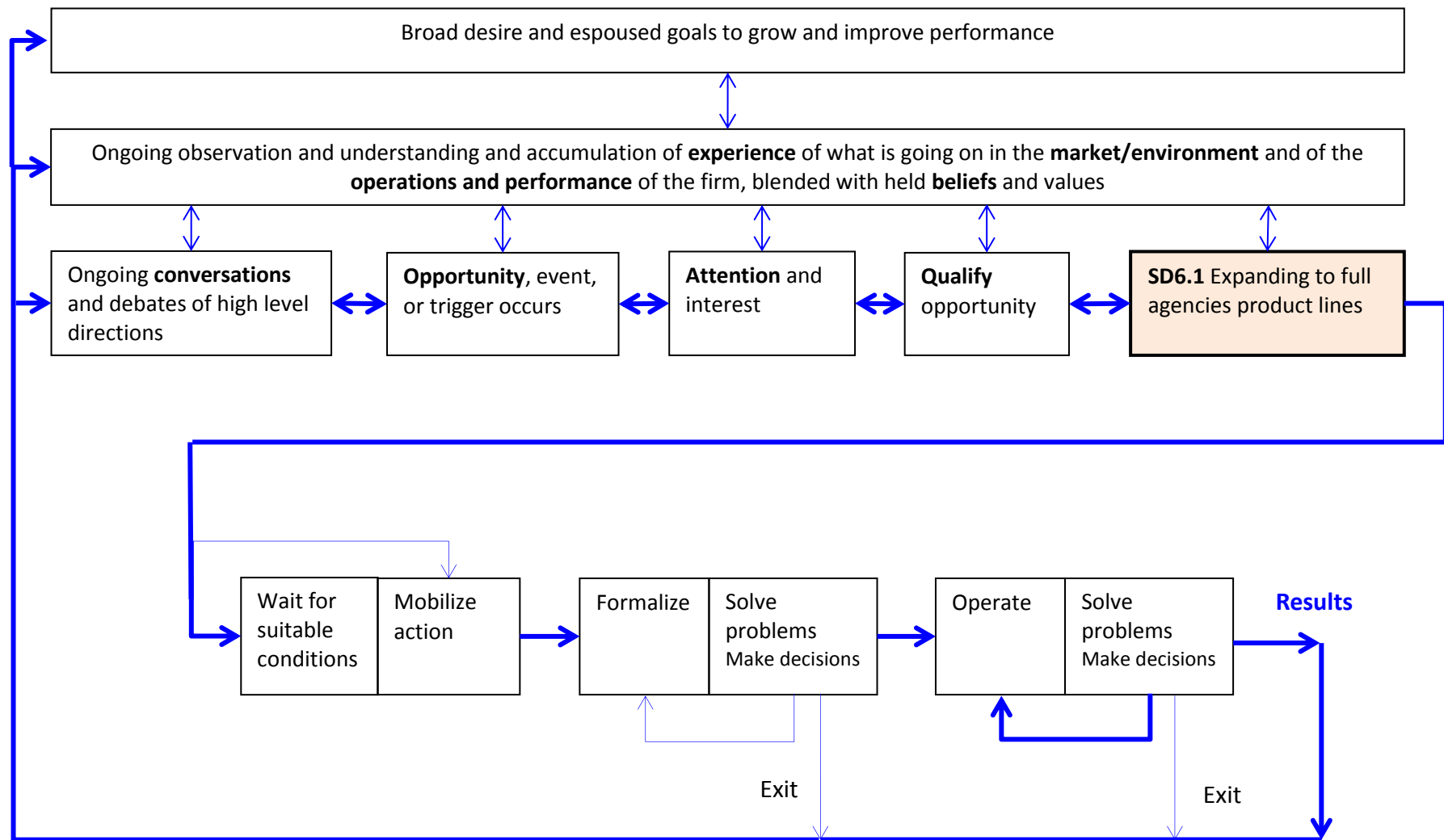


Figure 48 Mapping SD6.1 to the SD creation-implementation framework

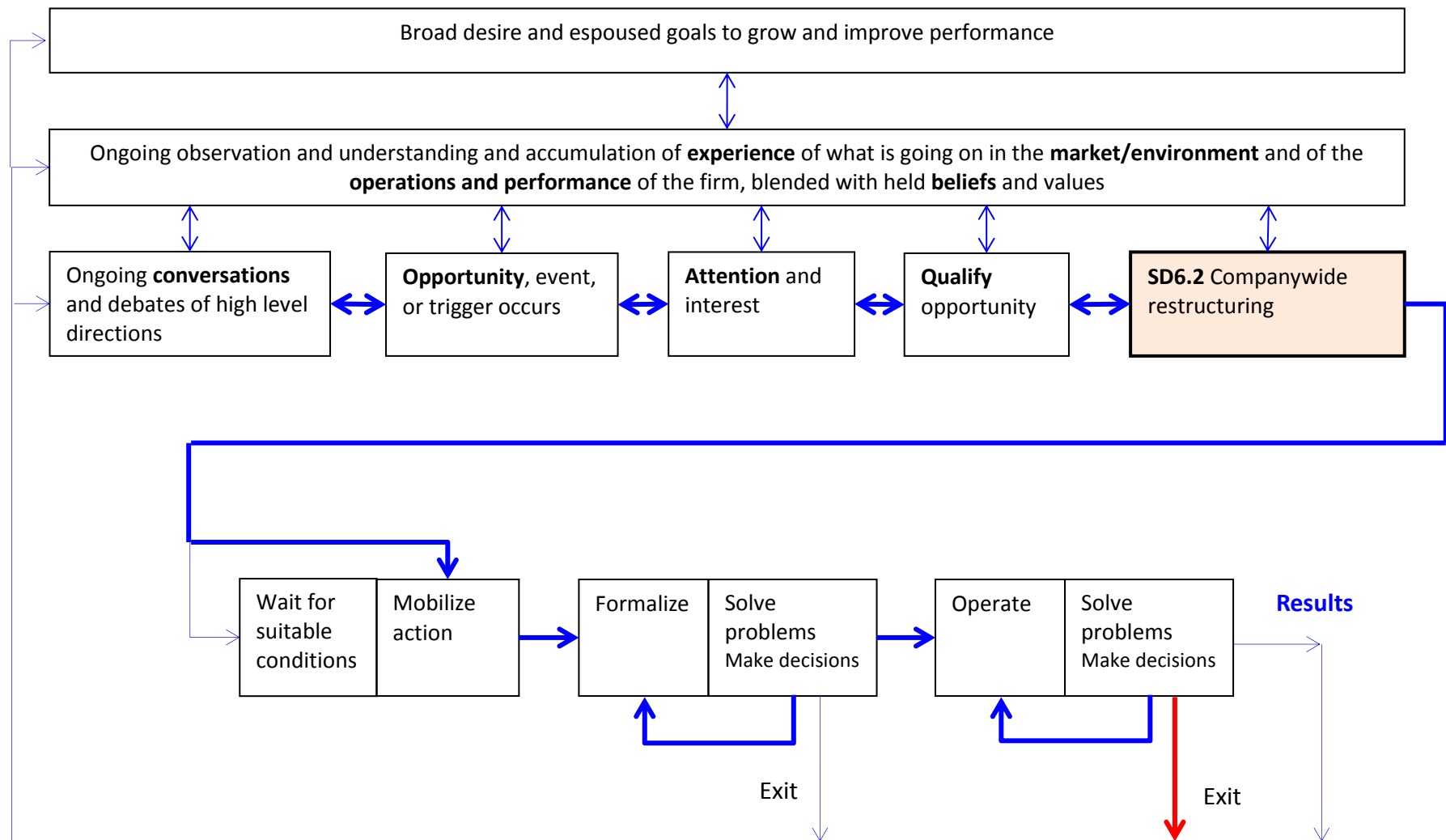


Figure 49 Mapping SD6.2 to the SD creation-implementation framework

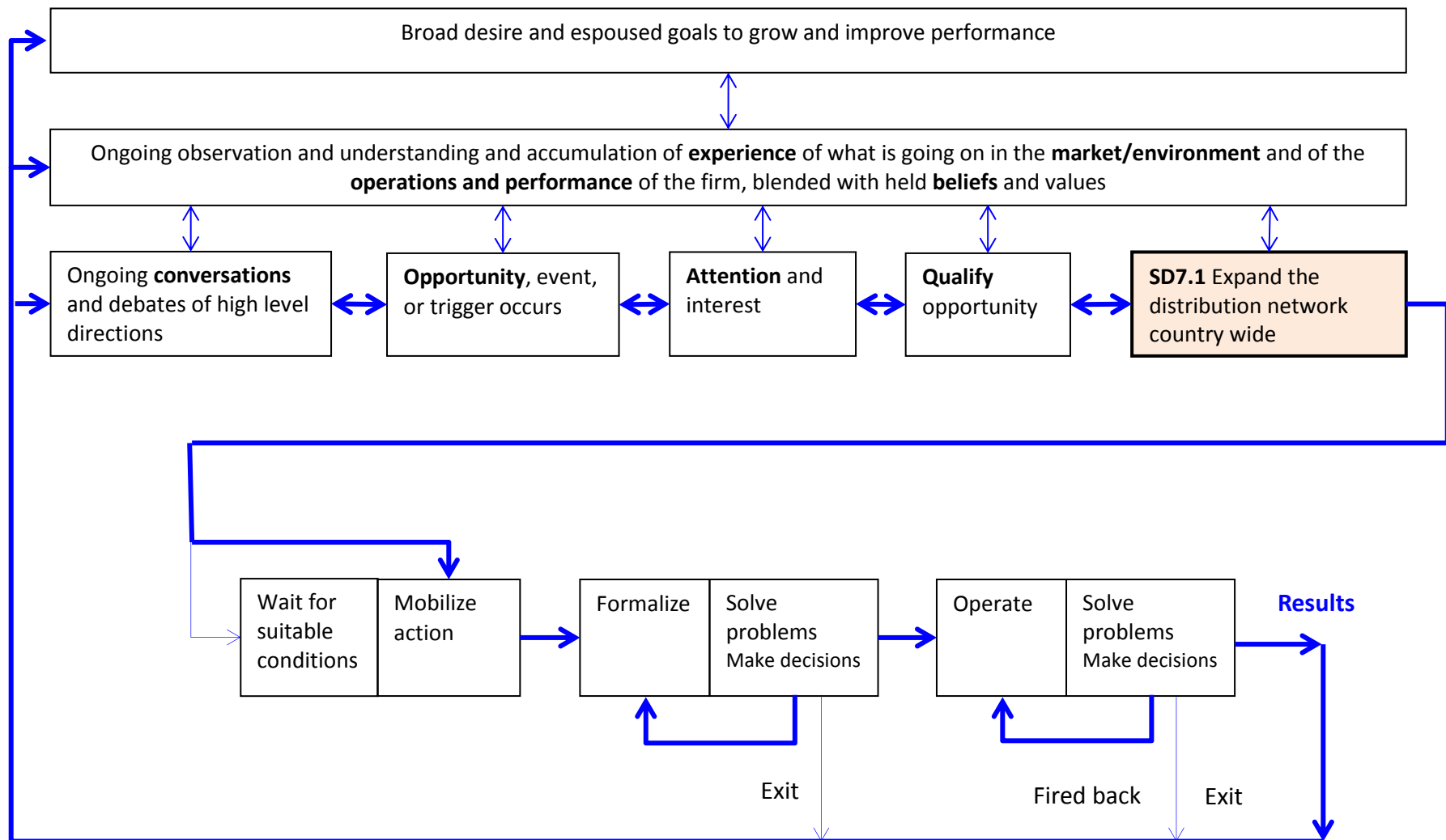


Figure 50 50 Mapping SD7.1 to the SD creation-implementation framework

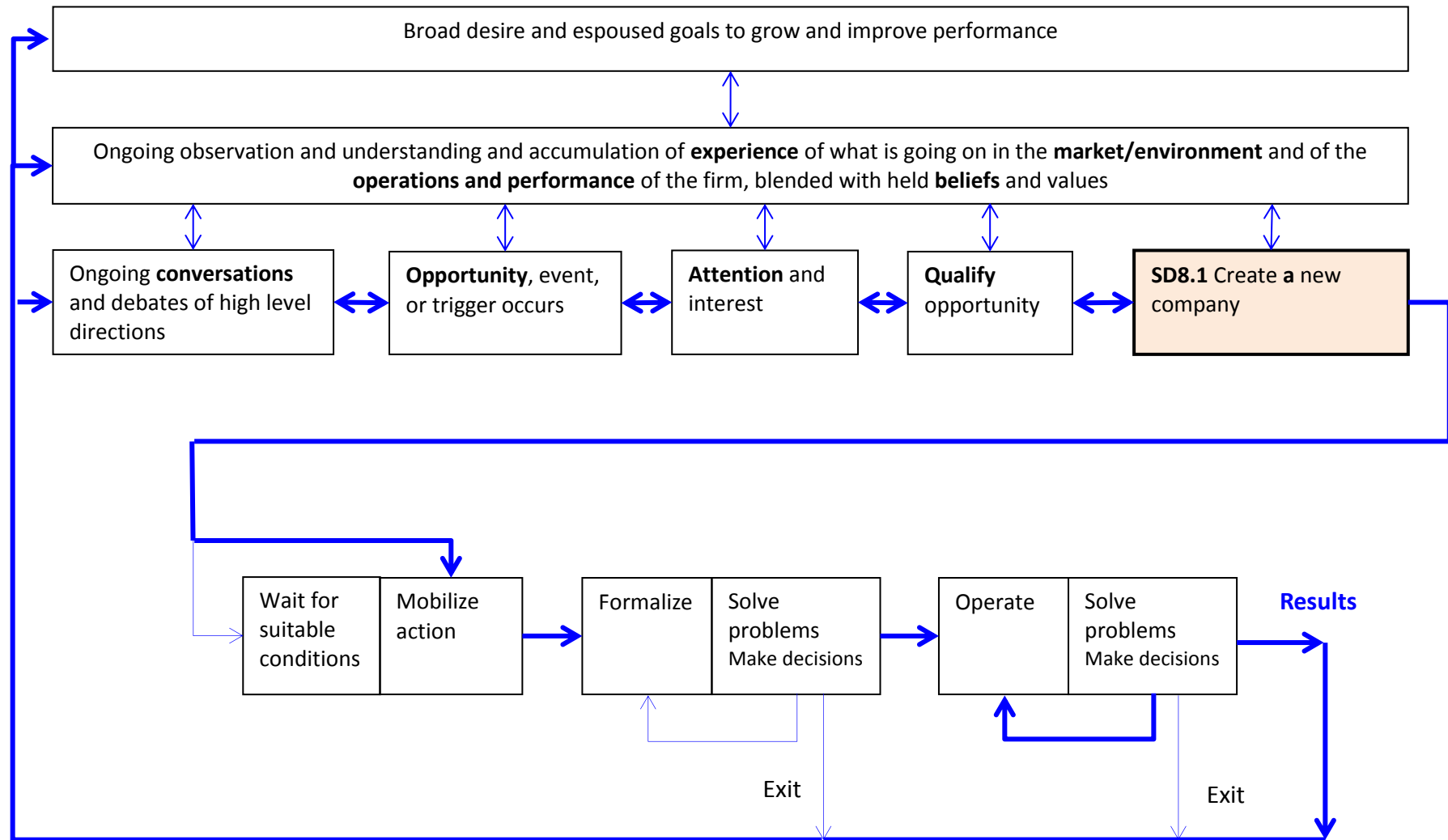


Figure 51 Mapping SD8.1 to the SD creation-implementation framework



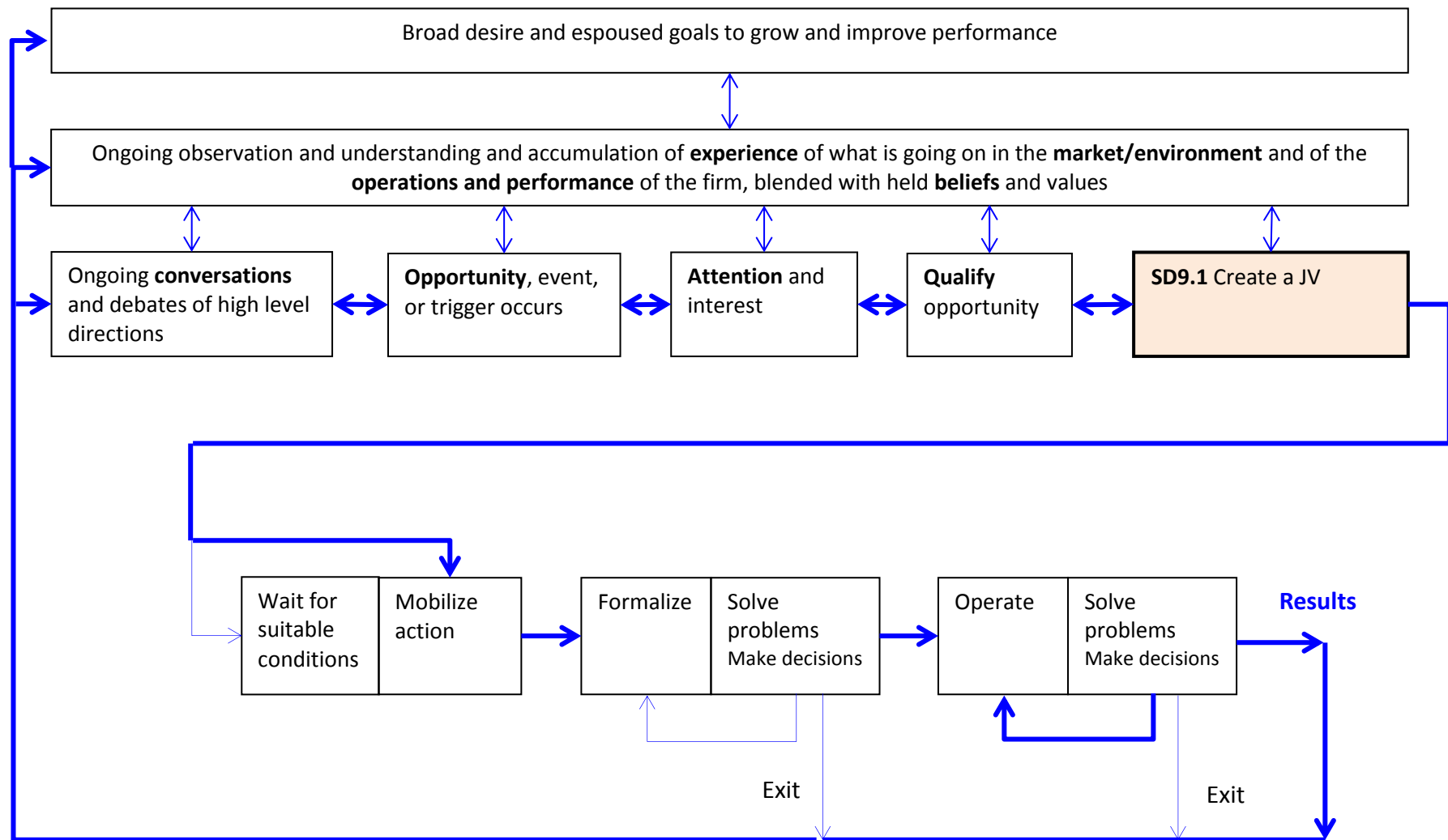


Figure 52 Mapping SD9.1 to the SD creation-implementation framework

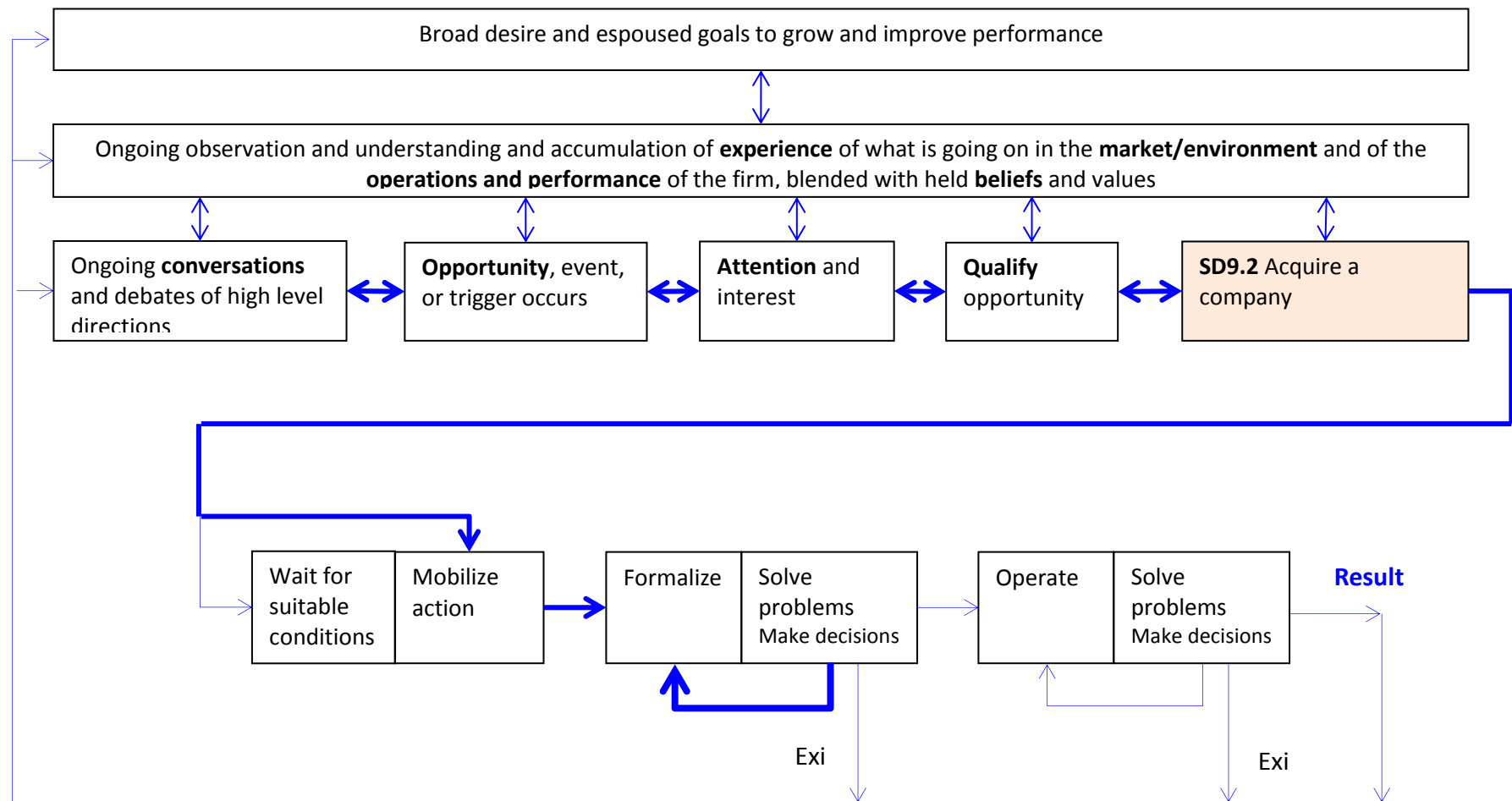


Figure 53 Mapping SD9.2 to the SD creation-implementation framework

#### 4.4.4 Grouping of the SD's per firm

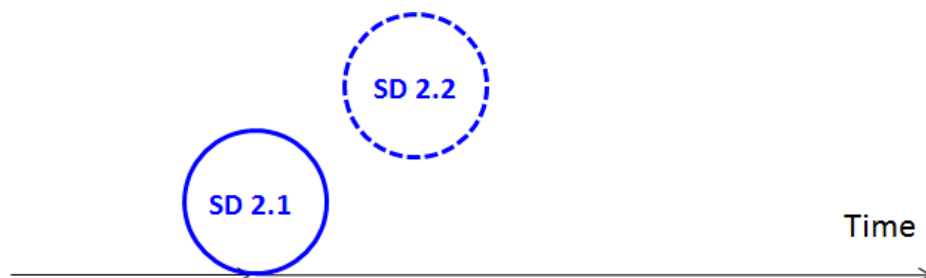
The SD's of each firm were grouped as depicted in timeline **Figure 54** to **Figure 62**. Red circle denote less successful or failed SD. Blue circle denote a successful SD. Dotted blue circle denote SD that is still in loop at the formulation or operation stage and have not materialized any results yet. The firms are still treating them as viable and good decisions and determined to make them happen. The lines represent integration into business operations.

The interesting thing to see here is the iterative nature of the SD's along the time line and the great determination and energies that were injected to maintain successful business. It is also interesting and intriguing to see the continuous movement between decision and action or implementation. Data showed that the firms are very persistent and keen to make SD's that are in loops to succeed and yield the anticipated results. Also they are keen to move into a new SD's should circumstances lead to a less successful SD. They are willing to change and make new decisions.

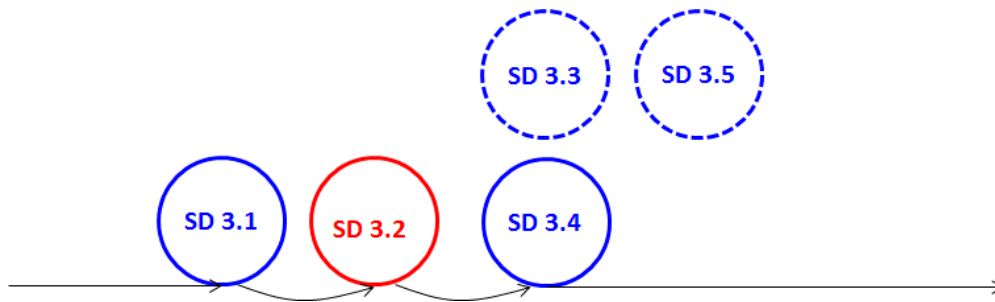
A Discussion of what is successful or good SD and what is not is presented in the following section.



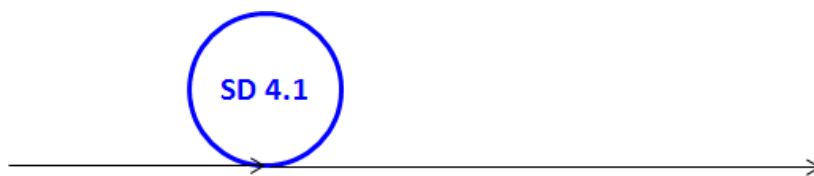
**Figure 54 Firm 1 SD's**



**Figure 55 Firm 2 SD's**



**Figure 56 Firm 3 SD's**



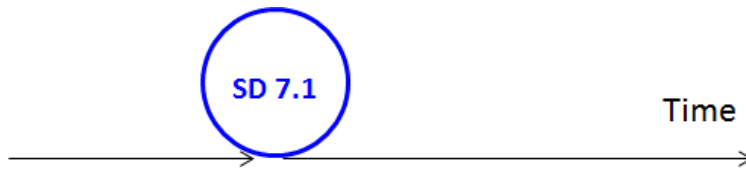
**Figure 57 Firm 4 SD's**



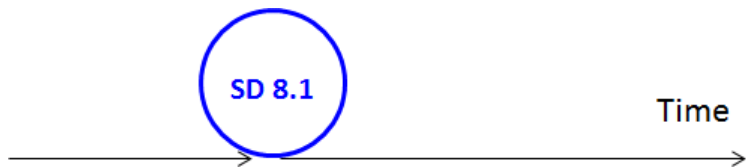
**Figure 58 Firm 5 SD's**



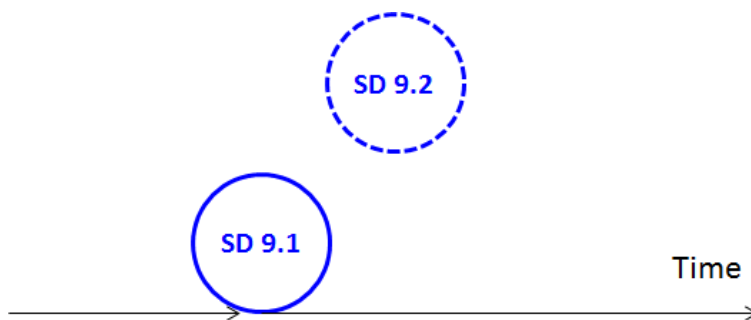
**Figure 59 Firm 6 SD's**



**Figure 60 Firm 7 SD's**



**Figure 61 Firm 8 SD's**



**Figure 62 Firm 9 SD's**

#### **4.4.5 Defining SD's and identifying what constitutes a good or successful SD**

The interviewees were asked to inform their stories about recently made and implemented SD's. The executives have witnessed and experienced their origins, implementation, and fate. Firms knew they were embarking on a major, strategic decision in the company and they have been experiencing it thought its implementation and getting its results. A lot of thinking and reflection have been made before making a SD and embarking on implementing it.

The executives or interviewees have not attributed only successful decisions to themselves. They have explained equally their involvement in both successful and less successful SD's. The interview question was open for them to report their experiences about the SD's irrespective of their results.

#### **4.4.5.1 Defining SD's**

The interviewees were asked about what is a SD? And what constitutes a good or successful SD? The common reply was that a SD is 'an important decision that is believed to impact greatly the financials of the firm'. This 'common sense' definition goes in tandem with the definition used in Project 1 paper. Which says, SD's "are overarching decisions, made by top management, have broad implications, require a lot of resources and commitments at all levels, are future oriented, and affect the firm's long-term prosperity (Pearce and Robinson, 2009, pg.8-12). Types of strategic decisions include (Al-Ghamdi, 1998): introduce a new product or service, open and start up a new plant or facility, expand operations to enter new market, discontinue a product or withdraw from market, acquire or merge with another company, change the strategy in an operational department, and others. This paper added also other types of SD's such as joint venture and restructuring.

#### **4.4.5.2 Successful SD's implementation and good SD's**

The notion of success in SD's is multifaceted and is still fuzzy. However, this study highlighted some of its aspects. For example, Project 1 paper focused on successful SD implementation or a SD that is implemented successfully. A common answer provided by the interviewees about what constitutes a successful SD implementation was largely about '*achieving good financial return*'. Other aspects of implementation success they mentioned included gaining new technology, gaining new customers, building relations, and winning new projects. A set of literature-based aspects (Al-Ghamdi, 1998; 2005) of implementation success were provided to the interviewees, who were asked to rate them. These aspects of implementation success included allocated budget and resources, implementation timeline, and learning. So, successful

implementation is viewed in terms of the results and bottom lines achieved not the steps or process followed to implement SD's.

The interviewees also were asked about what constitutes a good SD. The common answer was that a 'SD is good if it turns (or can potentially turn) positive results that impacts performance greatly as expected'. So for them, a good SD is, again as noted above, results-oriented, as opposed to how good the development of the SD is. So, there is a consensus on what SD's mean to them: results and achievements as expected or hoped. This makes sense when the nature of creating SD's is understood as detailed above. They believe they have already spent good enough time thinking, analyzing, and qualifying opportunities to convert them into realized SD's. Kind of saying, now let us see what happens and whether the ideas were really good based on the results.

What is also interesting is the 'can potentially turn' part of the definition, which explains why they still label some decisions as good even though they are still in the formalization or operation loop stages. They are still considered as good because the firms still believe they 'can potentially turn' good results. Once they determine that the obstacles are insurmountable, they turn those SD's down and move on. And when asked, were these decisions good, you get mixed answers. Why is that? It can be inferred from the above discussion that it is because firms are results-oriented and they have not seen the actual results yet.

## **4.5 Conclusions**

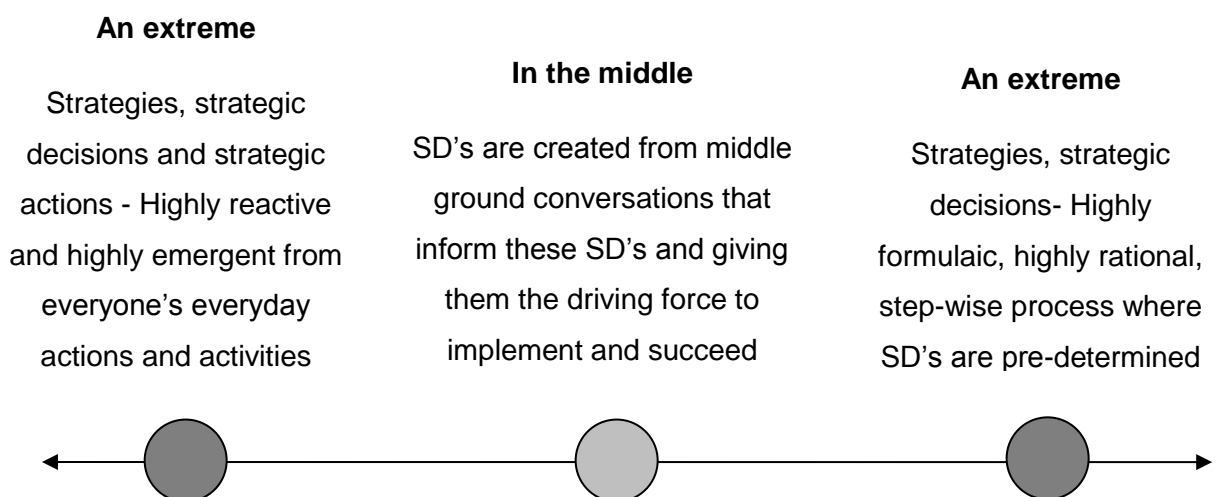
### **4.5.1 Middle ground framework**

It has been quite an intriguing experience to travel this long journey of the DBA research. My destination was about determining helpful SD implementation factors, which were done very systematically and rigorously though a very lengthy process in Project 1. Then, a whole new direction was taken to explore

other dimensions of the study of SD's, namely the origins of the SD's, their creation and implementation process, and the link between them.

In this extended study, the data that were collected for P1 purpose (implementation factors or enablers) have been looked into again with new keen interest and focus on understanding what the data can tell us about the origin or creation of the SD's and the process of implementing them. As discussed above, the most interesting part that was new in this study was positioning the SD's with respect to the prevailing two extremes in literature.

The SD's that have been studied were not created from a highly formulaic, step-wise, pre-determined, detailed planning and highly rational-based process as per the approaches that have dominated strategy literature. Also, these SD's were not highly reactive and highly emergent from everyone's everyday actions and activities of both internal and external factors as per the teachings of a relatively more recent strategy-as-practice approach (Johnson et al, 2007). The SD's were originated or created in a middle ground that is neither highly formulaic nor highly reactive. Figure 63 depicts this situation.

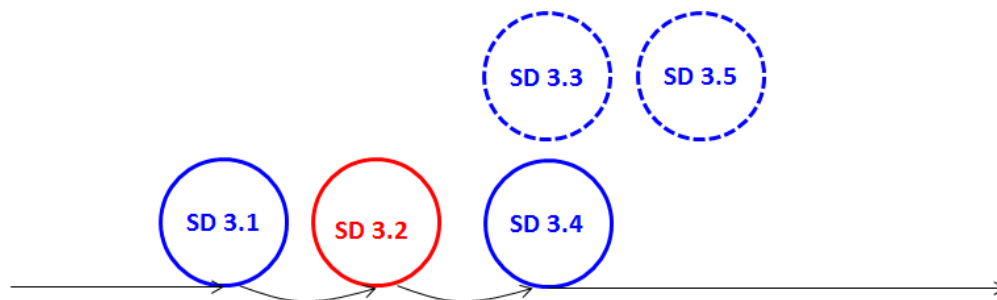


**Figure 63 Situating the findings in the SD literature**



### 4.5.2 Iterative strategic decision making

As depicted in **Figure 64** below, SD's 3.1 to 3.5 as an example, strategic decision making is a highly iterative and a continuous process along the ongoing business operations timeline. SD's are created and pushed into the mainstream business. SD's that are in the loop at one point of time at any stage take their turn when they pass these loops and become operational.



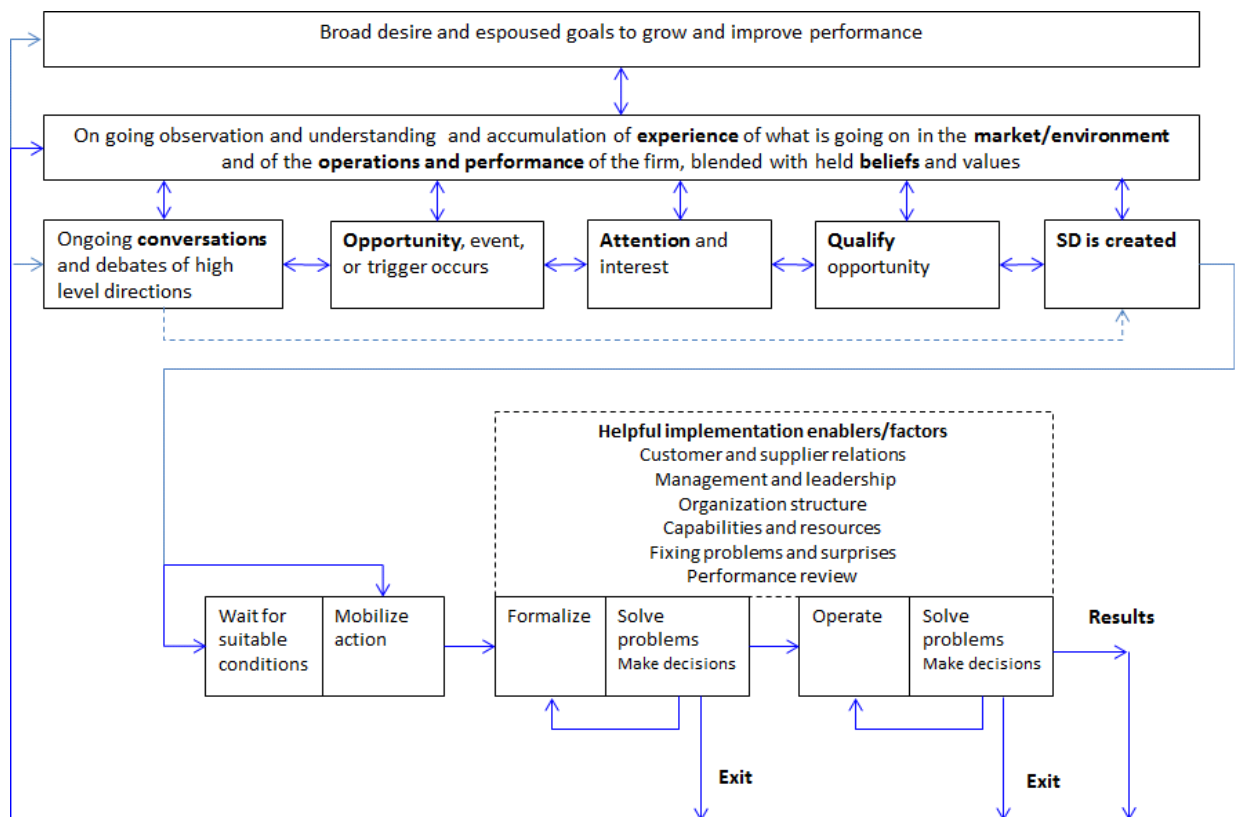
**Figure 64 Mapping SD1.1 to the SD creation-implementation framework**

It seems that the firms had determined to succeed and did inject a lot of energies to maintain successful businesses. It is also interesting and intriguing to see the continuous movement between decision and action or implementation. Data showed that the firms are very persistent and keen to make SD's that are in loops successful and yield the anticipated results. Also they are keen to move into new SD's should circumstances lead to a less successful results. They are willing to change and make new decisions. This is a very interesting finding that adds to our sense making of SD's.

### 4.5.3 A process with loops and problems

As shown below in **Figure 65**, to which the SD's data were mapped, SD's are hardly implemented without fixing problems and making other smaller decisions. Firms attempt their best to make informed decisions, yet they face problems during formalization or operation implementation stages. Therefore, some decisions go through loops at these stages until they yield results or exit. So, one viable explanation to the existence of problem loops during implementation

stages is the nature of these SD's. As discussed above, they were created in a middle ground, which probably lacked upfront, detailed planning, yet they were created fast enough or on time in order to act and not to get behind in a very dynamic and competitive environment. This is also interesting new information that adds to our knowledge of the nature of SD's. Unlike the work of Mintzberg et al (1976), this study mapped and linked SD's from creation to implementation in a holistic and relatively comprehensive (breadth) process or framework. Mintzberg's work on the other hand provides more detailed view (depth) of how multiple alternatives are developed and the final choice is made. Therefore, it is worth noting at this stage that further studies can be conducted to explore and uncover the hidden mechanisms inside one or more of the boxes included in the process such as 'Ongoing conversations' and 'qualify opportunity', for example. It is important to mention also that gathering sensitive empirical data was a very hard task, and going into in depth data collection would be even much harder due to the sensitivity of real life business data.



**Figure 65 SD's creation-implementation process**

#### 4.5.4 Restructuring SD's

It was noticed that restructuring SD's often end up less successful. It was noticed that when the restructuring decision originated from within the firm, it was highly supported by the top management, was applied in a gradual, limited scope in core activities, and was successful. SD2.1 is a good example. On the other hand, restructuring decisions that were originated externally, such as by an advice of a consultant or imposed by a third party, were less successful. These decisions had relatively less top management and line management support and their scope were companywide. SD5.1 and SD6.2 are good examples of this type. In fact, SD6.2 fired back and gave negative results.

#### 4.5.5 In conclusion

P2 have advanced the research into a new frontier. P1 has addressed our knowledge of 'what' factors that can help implementing SD's successfully. P2 extended our knowledge of the 'how' SD's are created and implemented. This study has positioned SD's relative to two extremes in strategy literature: highly formulaic and highly emergent. Also, the study has resulted in a holistic SD's creation-implementation process, which can be used to diagnose SD's and improve their quality. Data have shown the iterative nature and interplay between decisions and actions or implementation. Furthermore, data have highlighted other findings related to problem loops.

P3 part 1 in **Chapter 5** next adds an explanatory power to the process using the theoretical lens of the sensemaking perspective.

P3 part 1 in Chapter 6 after that evaluates the understandability or usability of the process and develops an empirically tested diagnostic tool.

## 5 CHAPTER 5 - PROJECT 3 PART 1 (P3.1)

### 5.1 Introduction

The SDCI process developed in P2 is very interesting as it provides an empirical holistic view of how SD's are created and implemented in practice. However, where does the process fit into or contribute to the organization theory or knowledge domain? The SDCI process is not a highly prescriptive, rational, step-wise, or formulaic process. So, it is not helpful to position it in the rational strategy process school of thought. Also, the process focuses on the SD's process level as opposed to the general strategy process. Therefore, it fits more into the SD's body of knowledge.

Furthermore, the SDCI process spans and links SD's creation to implementation in a relatively comprehensive way and adds additional insights into our understanding and sense of how SD's are made. Additionally, it was noted in **Chapter 4 (P2) in sub-section 4.4.1** that the process contributes to our sense making of SD's. Since the SDCI process has features that stem from managerial and organizational cognition (MOC) that fits better into the social school of thought, I decided to explore sensemaking theory or perspective as a lens to explain the SDCI process and give it some explanatory power. The SDCI process is a complex social phenomenon. Therefore, I believe that anchoring it on the MOC and social-based school of thought is a valid choice.

The SDCI process could have been explored using another lens such as contingency, which is regarded as an example of Modernist perspective of organization theory. Contingency calls for the increase in information processing efficiency in order to adapt to change (Hatch, 2006, p. 37; Nonaka and Nicosia, 1979 as reported in Smith and Hitt, 2005, p. 74). As it will be shown in the next sections about organization theory and sensemaking, the phenomenon that is being studied here is far more complex than efficiency of information processing and adapting to change. It is a complex social phenomenon with a web of reciprocal impacts between the organization and the

environment. Contingency, however, is addressed by sensemaking properties when Weick (1995, pp. 17-61) discussed contexts and local contingencies.

P3 was planned to accomplish four objectives: explore and review sensemaking, use it as a lens to explain the SDCI process, reflect any changes on the process, and apply the updated SDCI process empirically to assess its understandability and usability by the practitioners.

**Chapter 5** (P3.1) reports the accomplishment of the first three objectives. The latter is accomplished in **Chapter 6** (P3.2). It is done this way to better organize and structure the thesis and help the reader go through the research parts easily.

To refresh our memory about the SDCI process, **Appendix P** depicts the overall interconnection between all the elements of the process. The feedback and learning links go to the on-going observation and conversation processes to continue the SD's lifecycles.

The following sections present a literature review on organization theory. Also they provide a thorough review of sensemaking perspective while discussing it with the SDCI process

Therefore, sensemaking literature in **section 5.3** below is not a mere literature review. Actually it discusses and relates the SDCI process to sensemaking perspective. So, as the discussion develops very deeply through the properties, processes, and activities of sensemaking, notes are provided about the comparable elements of the SDCI process. This discussion worked as the basis to develop the confidence on employing sensemaking as a lens to potentially explain the process. The main sources used in the sensemaking perspective review were Weick (1995) and Weick et al (2005) and other references.

It is worth noting here before going into this chapter, I have observed that sensemaking perspective is loaded with terms that are somewhat loosely connected as one integrated theory. The objective of using the sensemaking perspective in this research was not to map the SDCI process with each and

every term in its properties, processes, and activities in great precision or detail. The objective was to explore and show that the SDCI process can be generally explained by sensemaking.

## **5.2 Literature Review**

**Section 5.2.1** below provides literature review on organization theory and some related social studies in which sensemaking is situated. **Section 5.2.2** presents organization theory perspectives and shows where the SDCI process potentially fits within these perspectives.

**Section 5.3** presents sensemaking perspective, in light of which the SDCI process is discussed.

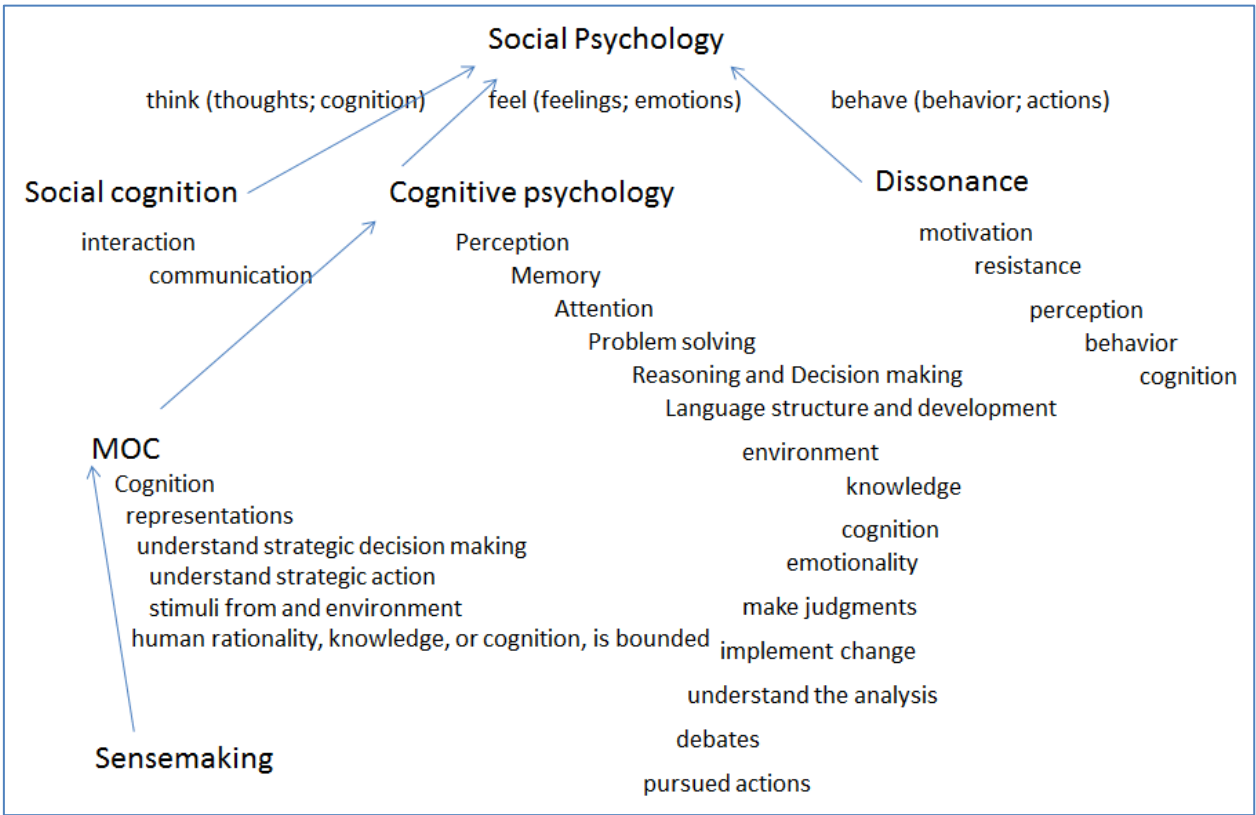
### **5.2.1 Social studies and organization theory**

In order not to jump into the sensemaking perspective directly, relevant literature has been reviewed on organization theory in general and sensemaking perspective in particular under the wider umbrella of social psychology and managerial and organizational cognition (MOC).

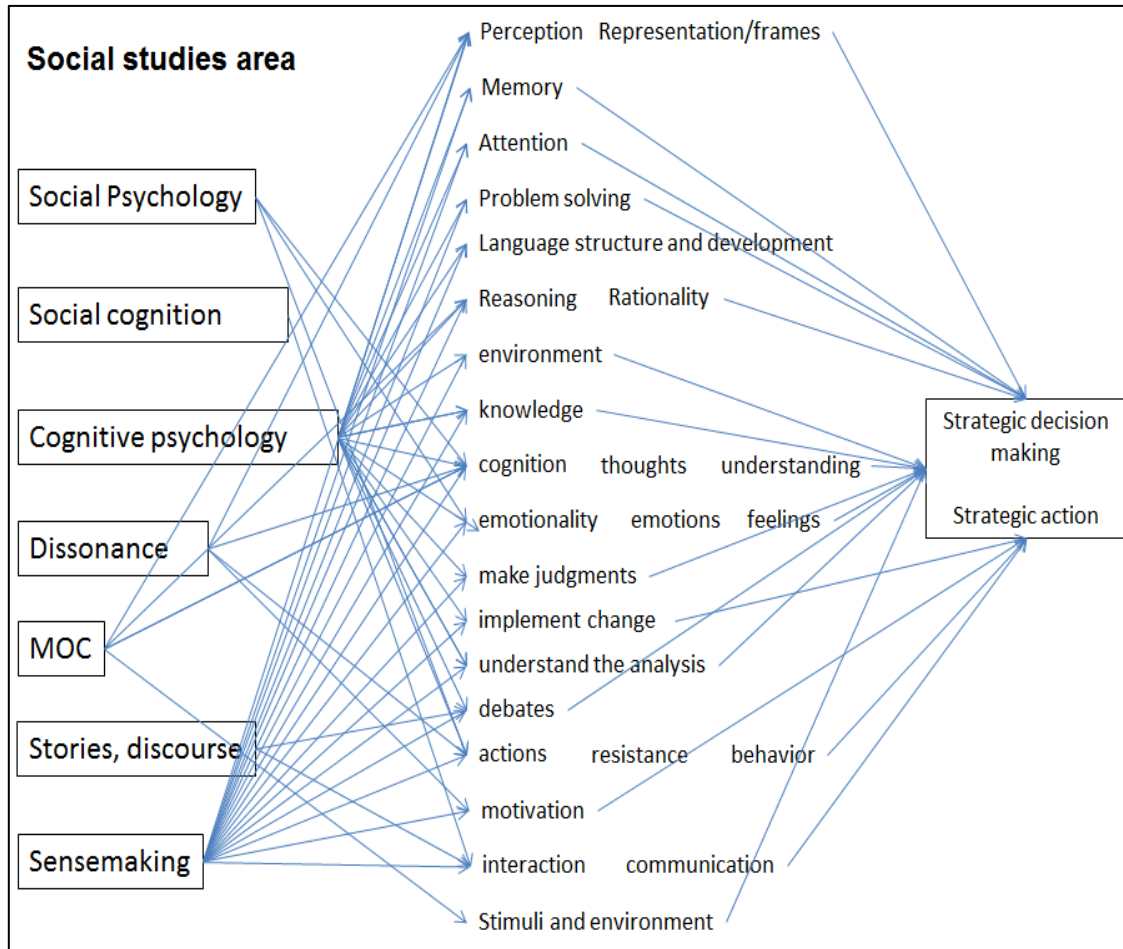
The mainstream literature of strategy and strategic decisions follows the rationality model. This model presents the subject in a highly prescriptive, very formulaic, and step-wise process, which simplifies or oversimplifies the complexities inherent in the social world such as business organizations or firms.

A relatively more recent and emerging literature such as MOC draws insights from social psychology, which in turn draws insights from sociology, psychology, and computer science to investigate organizational issues. Sensemaking theory or perspective builds on MOC and offers explanations for organizational issues and behaviour. At the strategy level, Mintzberg and Lampel (1999) regarded strategy schools as processes of different parts of the same process. The authors regarded the cognition strategy formation school as at the centre of these strategy processes.

**Figure 66** depicts some of the topics covered in social psychology and its related sub fields. The aim of this figure is to show how social studies found their way to managerial and organizational issues such as strategy and decision making. These topics have been mapped graphically in **Figure 67**. This information has been distilled from the related literature covered in the following paragraphs including Westen et al (2006), Eysenck, (1993), Pachur and Olsson (2012, 207-240), Sparrow (1999), Cassell and Daniels (1998), Frith and Frith (2007), and Huff (2005, p. 331-333).



**Figure 66** a view of some topics in social psychology-summarized from literature



**Figure 67 A graphical representation of some social psychology topics as summarized from literature**

It can be seen that these social studies topics also relate to organizational theory studies and decision making through MOC and sensemaking, which spans a lot of all these topics as it will be detailed in **section 5.3**.

According to Westen et al (2006) social psychology “examines the influence of social processes on the way people think (thoughts; cognition), feel (feelings; emotions), and behave (behaviour; actions).”

Cognitive psychology studies psychological issues related to strategic management, analysis, and decisions. Cognitive psychology “is a large and expanding area within psychology as a whole. However, there are certain topics, such as perception, memory, language”, problem solving, reasoning and



decision making, and language structure and development, “which are generally regarded as being of fundamental importance” (Eysenck, 1993).

Pachur and Olsson (2012, 207-240) argue that “decision performance and the selection between cue-based and exemplar based inference mechanisms can depend critically on ”knowledge about the structure of the environment.” According to the authors, this knowledge is a required for cognition and that “Type of learning task impacts performance and strategy selection in decision making.”

Sparrow (1999) argued that strategic management has changed through the 1990’s to highlight and address a number of psychological issues; managers cannot avoid dealing with emotionality in today’s world and that “strategy in organizations today is regarded as a more motive affair than old” as the world “has been turned upside down for managers trying to make judgments and implement change “.

Other scholars such as Cassell and Daniels (1998) highlighted the important role that psychology plays in strategic management in the way it enables managers to understand the analysis, debates, and pursued actions in this “messy, uncertain, unpredictable world of global business”. The authors, however, mentioned that the impact of psychological aspects such as “developing intuitive skills, creativity, and emotional intelligence” is still debatable.

Social cognition deals with human interaction and communication, which is an aspect of sensemaking and decision making (Frith and Frith, 2007).

Rooted mostly in social psychology, in computer and information science, and other fields cognition became a field of its own in the 1970’s and 1980’s with particular attention given to representations that help shape attention, memory, and other cognitive activities. Representations include frameworks, schemata, schema, and other forms (Huff, 2005, p. 331). MOC was laid in the 1980’s. Ann views cognition as central to understand strategic decision making and the broader strategic action (Huff, 2005, p. 332)

Cognition helps structure stimuli from an environment (Huff, 2005, p.340 as reported in Walsh, 1995). The central MOC foundation is that human rationality, knowledge, or cognition, is bounded. "Every environment or context, even the relatively impoverished, contains more stimuli than the human observer can recognize or process." (Huff, 2005, p. 332, as reported in Winograd and Flores, 1986, pp. 14-26)

MOC research is approached by both positivists (environment exists independent of actors) and social constructionists (environment cannot exist independent of actors), as the "line is blurred and affected by actors' own cognitive activity". (Huff, 2005, p. 333) This goes nicely with the SDCl process as firms observe, converse, try to understand and make sense or understand, and inject into that their own touch of personal views, experience, and beliefs.

Making sense of what is happening in the organization or environment is not easy. Members of the organization "tend to discover what they know over time," (Huff, 2005, p. 333) a condition that requires continuous observation and conversation and negotiated agreement between the actors. This leads into the accumulation of background and experience. So, this is related to bounded-rationality, the foundation concept of MOC. Huff (p. 2005, 340) added that "Cognitions help structure stimuli from an environment." This is related to creating order as per symbolic-interpretive perspective as order helps enact and make sense of reality.

Huff (2005, p. 333, as reported in Huff, 1982) argues that "the industry should be expected to have a particularly strong effect on strategists' perception of the environment and their strategic choices". These perceptions are associated with conclusions and actions, a theme that is observed in the SDCl process. Observing and understanding the industry and market did shape executives' or firms' understanding of the situation and their decisions and actions.

Huff (2005, p. 334) puts emphasis on strategy as a "frame" that aids sensemaking and subsequent decisions. In this regard, the author makes decisions as a next step to sensemaking, while I see that acting on the

perception and understanding, such as making the decision and implementing it, are part of sensemaking. Huff defines strategic frames as “an arena within which, or around which, others ...will ideally make their decisions. The strategic frame is expected to evolve over time as experience interacts with initial ideas about how to act effectively.” This also happened in the SDCI process when executives rendered the information and discussed and conversed about it while making the decision.

Stimpert and Duhaime (2008) argued that “management orientations [mental models] are significantly associated with a number of key strategic choices, including decisions about the extent of diversification, divestment activity, new product development efforts, and research and development spending. The results offer empirical evidence of the influence of managerial cognition on strategic decision making.”

### **5.2.2 Perspectives of organization theory**

Not until 1960's, organization theory has not been a recognizable field of study since its inception in the eighteenth and nineteenth century (Hatch, 2006, pp. 26-36). The author added that the works of a mix of scholars and management practitioners at that time laid down the foundation for the theory. For example, Adam Smith worked on organized work practices and efficient production; Weber worked on industrialization issues and the effect of authority and structure on society; Taylor focused on scientific management and efficiency; and Fayol worked on administrative principles

Since the 1960's to date, new works have shaped and influenced organization theory. Hatch (2006, pp.36-56) categorized these influences into modernist, symbolic-interpretive, and postmodern perspectives.

Modernist perspective in the nineteenth century is exemplified by the general systems theory, socio-technical theory, and contingency theory. Modernists rest on rational and reason, *objective* science, scientific knowledge and its applications through latest technology and techniques, and cumulative progress. Modernist perspective argues that “effective organizations are able to

balance internal pressures, develop core competencies, increase efficiency and adapt to change” (Hatch, 2006, p. 37). So, actions that create reality are driven by rational and reason in the first place. In my research, even though SD creation was not a pure rational step-wise process, rationality was detected in the qualification and analysis element.

On the other hand, symbolic-interpretive perspective challenges modernist perspective’s objective science by arguing that “organization realities are socially produced as members interact, negotiate and make sense of their experience, and symbolic-interpretivists study how people make and communicate meaning in particular situations” (Hatch, 2006, p. 42-43). Also, symbolic-interpretive perspective argues that meaning is embedded in people’s interactions and in symbols (language and conversations) and artifacts. Therefore, meaning may be interpreted differently by different people experiencing different contexts, situations, events, and experiences. In other words, reality can be seen differently relative to different people’s contexts and experiences. Language, then, becomes particularly important and sensitive because it affects how people “construct, modify, make sense of and communicate reality” (Hatch, 2006, p.43). So, there is some degree of objectivity within this subjective context.

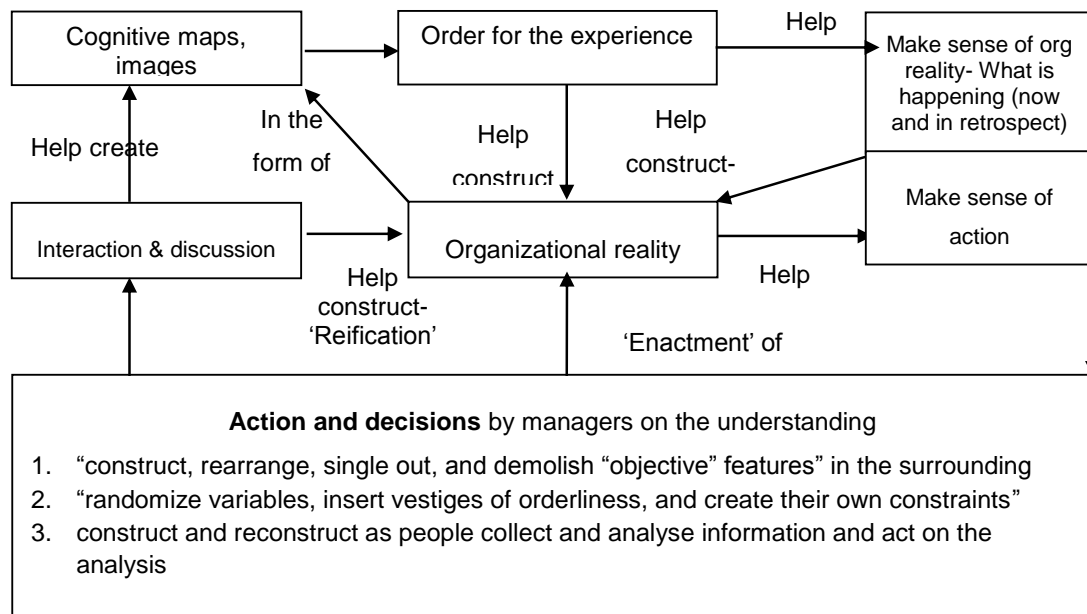
From the above, symbolic-interpretive perspective is all about meanings created by people through interpretations within multiple social contexts, and about the blend of these multiple meanings and interpretations to socially construct organizational reality. This is exemplified in social construction theory, which looks at the organization as a social entity, which is “negotiated, organized, and constructed by our interpretations of what is happening around us” (Hatch, 2006, p.43). These interpretations and constructed meanings, as Hatch clarified, are shaped by subjective understandings via shared experiences, shared history, language, and conversations as opposed to structure. Interactions of social worlds, such as institutions and organizations with their internalized socio-cultures, produce individual identity and experienced and objectivized reality, the stability or change of which is based on the actions of

people through complex processes (Hatch, 2006, p.44). As opposed to modernist perspective, symbolic-interpretive perspective injects into the discussion the elements of social context, language, human interactions and conversations, and the created meaning and interpretations. These elements drive the construction of reality. The proposed SDCI process exhibits the presence of similar elements such as conversations and interactions done throughout the process. The understandings of and the action on the reality were a function of personal and interpersonal interactions, and own perceptions, norms, values, experiences, and therefore, meaning and interpretations.

As categorized by Hatch (2006, p.44), symbolic-interpretive perspective also hosts sensemaking theory, which is a close relative of the social construction theory. For example, it claims that organizational realities are created in the minds of people in the form of images and cognitive maps as they seek order for their experiences. Order helps people make sense of constructed reality or environment or social world and deal with it. Also, images and cognitive map are created collectively through human interactions rather than individually. As put by Hatch (2006, p.45), “in mapping and talking about organizations and their environment, we make them real”. This is called ‘reification’ as labeled by the originator and pioneer of sensemaking theory Karl Weick who is regarded as a cognitive organization theorist by Hatch (2006, p. 88). By ‘reification’ people enact and construct a reality of the environment, organization, culture, or strategy. Construction of reality helps people understand and make sense of their actions. Furthermore, making sense of what is happening now and in retrospect helps people construct organizational realities and act in that understanding, or ‘enactment’ as labelled by Weick (Hatch. 2006, p. 45). **Figure 68** attempts to understand the points pertaining to social construction as noted above by mapping them graphically.

The links indicate that social construction process is not a simple linear procedure. In fact it is iterative and complex in nature because it constitutes various social elements from cognition to interactions to ordering to understanding to action.

The feedback links support the retrospective idea as was illustrated in the SDCI process though the review, feedback, experience, background, and interaction with the environment



**Figure 68 Social construction as summarized from Hatch (2006, pp. 41-45)**

Also, the ideas of enactment and action resonate with the SDCI process in the elements of observing, attention, investigation, qualifying opportunities and events and choices based on some variables such as response time and competition. Order was created though the discussions and analysis. The constraints were time and resources.

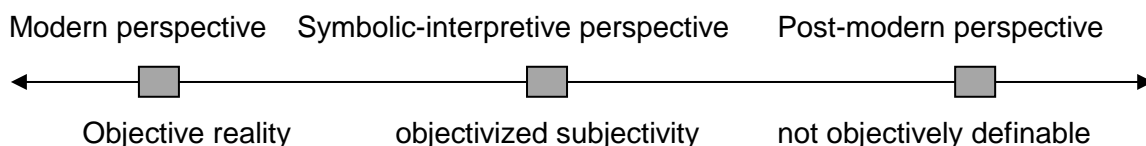
Social construction occur in the environment, which is "An entity that lies outside the boundary of the organization" (Hatch, 2006, p.63-100). It provides inputs, absorbs output, imposes constraints, demands adaptation, influences outcomes, and entails uncertainty. The SDCI process highlighted the important role of environment as a context as it affects decision making and gets affected by the decisions.

Environment is enacted as it is perceived by the organization or decision makers. So response depends on how it is constructed and interpreted [understood through conversations and held beliefs and experiences .. what is promising, what is risky, what is urgent ... ] instead of just responding to environment, enact the environment and play a role in the destiny [in SD, continuous assessment of the environment and discussion and negotiate a new role and position and action to take]

Culture and context also play a role in organization theory. Hatch (2006, p.192) noted that “symbolic interpretive perspective theorists assume subjective ontology and interpretive epistemology and focus on how organizational members make meaning and the role that meaning making plays in the workspace”.

Hatch (2006, p.192) noted that symbolic interpretivists “argue that meaning is dependent on the context in which artefacts and symbols are encountered and this context is what they refer to as culture”. For example, if cultural symbols and language are used in a different context, their meaning changes. This is the context or situation in which symbols and language take place. With respect to the SDCI process, this is related to the use of language during conversations on what is happening in the organization and its environment and during exploring directions and making decisions. Context is related to making and implementing SD’s based on the situation as it occurs.

As opposed to symbolic-interpretive perspective, post-modern perspective argues that social reality is not objectively definable, that knowledge is relative to the moment of experience, and that there is no accurate account of definite statements of the world. This perspective is exemplified by the statement of French philosopher Michel Foucault, “Do not ask who I am and do not ask me to remain the same” (Hatch, 2006, p.47). **Figure 69** depicts the ontology of the three organization theory perspectives along a hypothetical line of objectivity.



**Figure 69 Perspectives and assumptions about reality from Hatch (2006, p. 47)**

**Table 55** below compares these three perspectives along some aspects as adapted from Hatch (2006, p. 56).

**Table 55 Some comparisons among the three perspectives as summarized from Hatch (2006, p. 56)**

Aspect	Modern perspective	symbolic-interpretive perspective	Post-modern perspective
Reality is a	Pre-existing unity	<u>Socially constructed diversity</u>	Constantly shifting and fluid plurality
Knowledge is believed to be	Universal	<u>Particular</u>	Provisional
Knowledge is developed through	<u>Facts and information</u>	<u>Meaning and interpretation</u>	<u>Exposure and experience</u>
Knowledge is recognized via	<u>Convergence</u>	<u>Coherence</u>	Incoherence, fragmentation, deconstruction
Model for human relationships	Hierarchy	<u>Community</u>	Self-determination
Overarching goal	<u>Prediction and control</u>	<u>Understanding</u>	Freedom

The perspective aspects that I have judged to align with the SDCI process elements are underlined by me in **Table 55**. The process seems to fit nicely into the symbolic-interpretive perspective. The process, however, has some elements of modern perspective such as facts and information, convergence, prediction and control, which are part of the cybernetic model (Hatch, 2006, pp. 260) used in contemporary management practices. SDCI process is far from the Postmodernist perspective.



Hatch (2006, p. 16) clarified that while modernists limit what count as data to the five senses, symbolic-interpretivists “focus on meaning and understanding as it occurs in particular contexts; consequently their findings should not be generalized beyond the context in which they were produced.” Symbolic-interpretivists blend their knowledge with the experiences of others to claim contribution to understanding. In the same token, P2 presented a descriptive account of what has happened. The collected data, however, could have been different as experienced by different executive in different contexts. Therefore, there is a blend of objectivity and subjectivity in the explanation of the SDCI process.

With respect to sensemaking, “the postmodern route [Deconstruction], on the other hand, invites us to engage against our sensemaking process so as to uncover the precarious, undecidable character of sensemaking in organizations. ... Deconstructive approaches imply a resistance, i.e. and an anomic attitude that appears to make it difficult to find reasons for acting. They also suggest that we primarily engage against ourselves, an attitude that may be regarded as narcissistic and disengaged from the mode of living we are trying to understand” (Allard-Poesi, 2005, as reported in Weick, 2002, p. 894-5).

All the above reviews and discussions gave me the confidence to explore the analysis of the SDCI process along the lines of social construction, managerial and organizational cognition, and symbolic-interpretive, sensemaking perspectives as opposed to the modern or post-modern perspectives.

**Section 5.3** below explores sensemaking and discusses the SDCI process in order to explore and demonstrates how sensemaking can be potentially and generally used as a lens to explain the SDCI process.

### **5.3 Discussing Sensemaking and the SDCI process**

It is important to note again here as noted above in the Introduction in **section 5.1** that the objective in this section is to review and discuss sensemaking and explore using it in general to attempt giving the SDCI process some explanatory power.

### 5.3.1 Defining Sensemaking

A lot of definitions have been provided in sensemaking literature. Below is an interesting account of these definitions. They are interesting due to their diversity, richness, and relation with the SDCI process as will be discussed in the next paragraphs and sections.

Sensemaking “means literally the making of sense” (Weick, 1995, p. 4). Weick et al (2005) also noted that “Sensemaking involves turning circumstances into a situation that is commended explicitly in words and that serves as a springboard into action”.

Sensemaking involves “placing stimuli into some kind of framework ... that enables them to comprehend, understand, explain, attribute, extrapolate, and predict ”(Weick, 1995, p. 4, as reported in Starbuck and Milliken, 1988, p 51), or a “frame of reference ... generalized point of view “that directs interpretations” (Weick, 1995, p. 4, as reported in Cantril, 1941, p.20).

Sensemaking is also “a thinking process that uses retroactive accounts to explain surprises” (Weick, 1995, p. 4, as reported in Louis, 1980) and “a sprawling collection of ongoing interpretive actions” (Weick, 2005, p.395, in Smith and Hitt, 2005).Weick (1995, p. 5) mentioned gain that sensemaking is about “coping with interruptions”.

Sensemaking is “the reciprocal interaction of information seeking, meaning ascription, and action, ... which means that environmental scanning, interpretation, and “associated responses” are all included” (Weick, 1995, p.4, as reported in Thomas, Clark, and Gioia, 1993, p. 240). Quotes were in the original text.

But sensemaking does not stop here. It can also be looked at as a mechanism and process. For example, sensemaking is “*mechanisms* that organizational members use to attribute meaning to events”, mechanisms that “the standards and rules for perceiving, interpreting, believing, and acting that are typically

used in a given cultural setting” (Weick, 1995, p. 5, as reported in Sackman, 1991, p. 33). *Italic* was in the original text.

Sensemaking is “an interpretive process that is necessary for organizational members to understand and to share understandings about such features of the organization as what it is about, what it does well poorly, what the problems it faces are, and it should resolve them” (Weick, 1995, p. 5, as reported in Feldman, 1989, p. 19). Weick (1995, p. 5) clarified that Feldman (1989, p. 20) noted that often “sensemaking does not result in action. It may result in an understanding that action should not be taken or that a better understanding of the event or situation is needed”. This is an interesting point as it goes with what was found in the SDCI process where executive or firms go through loops of observations and conversations until a SD is made. In this sense, continuation of observing and conversing is a type of action. Weick (1995, p. 15) mentioned that sensemaking is about “reality as an on-going accomplishment”. And this is also true with SDCI process: iterative process within an SD and between the SD’s. SD after SD were created and implemented with continuous scanning, understanding, commitment, and acting (or as put mentioned above perceiving, interpreting, believing, and acting)

Literature has highlighted further the interpretation component of sensemaking. Weick (1995, p. 6) argued that interpretation is just a component of sensemaking. Interpretative studies, as noted by Weick (1995, p. 8, as reported in Porac et al, 1989, p. 18), “focus on attending to cues and interpreting, externalizing, and linking these cues”. What is left unspecified are (Weick, 1995, p.8):

How the cues got here in the first place and how these particular cues were singled out from an on - going flow of experience. Also unspecified are how the interpretations and meaning of these cues were then altered and made more explicit and sensible, as a result of “concrete activities. The process of sensemaking is intended to include the construction and bracketing of the text like cues that are interpreted, as

well as the revision of those interpretations based on action and its consequences.

Sensemaking is “what it says it is, namely, making something sensible. Sensemaking is to be understood literally, not metaphorically. ... Although the word *sensemaking* may have an informal, poetic flavor, that should not mask the fact that it is literally just what it says it is ” (Weick, 1995, p. 16). So we are talking here about real information and events that gives rise to real understanding and real actions as in the SDCI process. This way executive and firms were able to be very confident about their SD's and stood very firmly and boldly behind their exaction.

Sensemaking is “a process in which individuals develop cognitive maps of their environment.” (Weick, 1995, p. 5, as reported in Ring and Rands, 1989, p. 342) This is an element that relates directly to MOC. Ring and Rands (1989, p. 344) classified reciprocal activities as “understanding”. Weick (1995, p. 6) asserts that sensemaking actually “is grounded in both individual and social activity.”

Ancona (2012, p.5) mentioned that sensemaking involves “being thrown into an on-going, unknowable, unpredictable streaming of experience in search of answers to the question, ‘What’s the story?’” (Weick, Sutcliffe, & Obstfeld, 2005). Ancona added that “sensemaking is an emergent activity—a capacity to move between heuristics and algorithm, intuition and logic, inductive and deductive reasoning, continuously looking for and providing evidence, and generating and testing hypotheses. ”Actually, sensemaking is not as classified by Mintzberg and Frances (2001, pp. 73-81) that Weick’s work on sensemaking as an action first approach to decision making, one of the three approaches to decisions: think first, see first, or act first. Like what was found in the SDCI process, sensemaking is very iterative and includes all the elements or approaches. This is in fact what Mintzberg and Frances (2001) argued as to how the decisions should be made.

To elaborate on the above and on the question that was asked by Mintzberg and Frances (2001, pp. 73-81) about how should decisions in general be made,

the authors mentioned that “Sometimes decisions defy purely step-by-step logic. To be effective, companies also should embrace intuitive or action-oriented forms of decision making”. The authors (p. 74) asserted that this “Rational decision making [approach, which] has a clearly identified process: define → diagnose → design → decide ..., turns out to be uncommon”. Step-wise, rational “process kept cycling back, interrupted by new events, diverted by opportunities and so on going round and round until finally a solution emerged” (Mintzberg and Frances, 2001, p. 74). Therefore, the authors (p. 76) argued that seeing (intuition or deep knowledge that usually develops a predetermined mind) or acting first are other viable alternative bases of decision making. The authors (p. 81) reported that ‘thinking first’, as a decision making approach, works best when the issue, data, and context are clear, structured, and disciplined. ‘Seeing first’ approach works best when combining many elements have to be combined into a creative solution. And ‘doing first’ works best when the environment is changing and complicated. The authors (p. 76) argued that the work of Weick (2005) on making sense of decisions exemplify the ‘action first’ approach. As noted above, in the contrary, sensemaking perspective actually covers all elements of thinking, intuition, and doing together. There is no sharp split between thinking and action or as put by Weick et al (2005) sensemaking is “counterpoint to the sharp split between thinking and action that often gets invoked in explanations of organizational life (e.g., planners versus doers). Likewise, the SDCI process is highly iterative. It is not just a pure thoughtless reaction or jump into action and it is not a pure formal, step-wise, rational process. As it was argued in P2 and here, the SDCI process that was developed through an intensive and rigorous qualitative research methods highlighted and uncovered the link between decisions creation and implementation. The process provided an empirical evidence of the nature of SD’s as stated above. There have been a lot of studies that were conducted on SD’s (e.g. Nutt and Wilson, 2010). They either studied particular aspects of the SD’s, the SD development process, or the argued about the need to have a comprehensive view. This study actually went that far and did an empirical

study to actually uncover a comprehensive process within a specific and defined business setting.

Categorizing sensemaking as an action first approach can be misleading. Action in sensemaking does not mean that people do not pay attention to what they will do. In the contrary, like the executives and firms in the SDCI process, sensemakers base their action on current and past experiences and on intuition and on complete knowledge about the internal performance and environment and marketplace. It does not mean people do not plan or think before acting. It means that doing and acting help people pay attention to these actions and reflect on them for lessons learned building and accumulating experience.

About the criticality of sensemaking, Ancona (2012, p.5) mentioned that sensemaking is critical in today's world, which is affected by continuous global changes and intense competition. Ancona (2012, p. 6) reported that maps is an important tool for sensemaking, which is "not about finding the "correct" [right] answer; it is about creating an emerging picture that becomes more comprehensive through data collection, action, experience, and conversation".

Furthermore, due to the complexity of sensemaking, Ancona (2012, p. 6) broke sensemaking down into three core elements: exploring the wider system (seek multiple sources of data, interact with others, understand the nuances of the situation, be close to the operations and frontline); creating a map of the current situation (let the new understanding and framework emerge, let the new framework create order, capture the new situation using images and stories); and "acting to change the system to learn more about it. Each element can be further broken down into a set of suggested behaviours" (experiment, explore, and learn, create and impact the environment and be aware if its impact on your behaviour). But as noted above about similar accounts discussed above, sensemaking is about exploring the environment, mapping and understanding, and acting. And that was the SDCI process all about.

As noted at the beginning, sensemaking is loaded with vocabularies and constructs that can be extracted from the above definitions and discussions

including: making of sense or meaning, circumstance, words, action, stimuli, framework, comprehend, understand, explain, attribute, extrapolate, predict, frame of reference, point of view, interpretations, retroactive, explain, interpretive, actions, coping, interruptions, mechanism, events, standards, process, problems, reality, accomplishment, experience, meaning, sensible, concrete activities, bracketing, construction, cognitive map, individual, social activity, conversation, emergent activity, heuristics, algorithm, intuition, logic, inductive and deductive reasoning, continuously looking for and providing evidence, generating and testing hypotheses, continuous global changes, intense competition, understand the nuances of the situation, images, stories, experiment, explore, learn, create and impact the environment, behaviour.

The above definitions are summarized and mapped roughly in **Figure 70**. Inputs, activities or mechanisms or processes, and outputs emerged from the definitions as one possible representation of the above discussed sensemaking themes. Inputs include stimuli, events, and surprises under some circumstances or cultural setting.

Activities, mechanisms, or processes include representation-frame, frame of reference, framework, cognitive maps, patterning, direct interpretation, interpretive process, thinking process, comprehend, understand, explain, attribute, extrapolate, and predict, cope with interruptions, perceiving, explore, share understandings, making something sensible, interacting, conversations, intuition, reasoning, looking, testing

Output include constructed meaning, comprehending and mutual understandings of the organization and what is going on, reality, sensibility, perception, explicit words, experience, and actions (should or should not be taken) depending on whether more information is needed.

The aim of the figure is to have a simple representation as a first hand look at sensemaking.

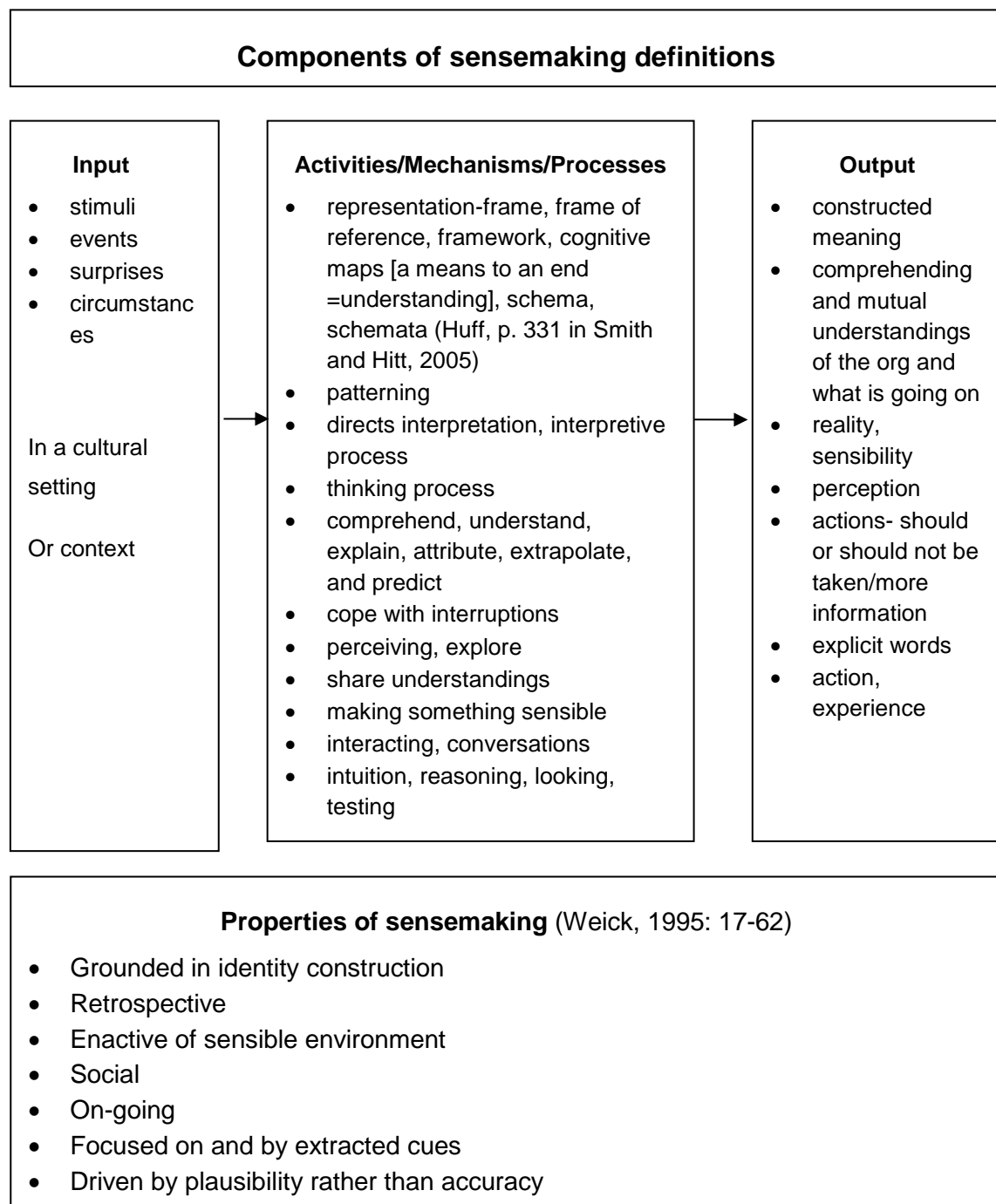
The bottom part of **Figure 70** lists the seven properties of sensemaking as reported in Weick (1995, 17-61). These properties are discussed in detail in the

next section. These properties will enrich our understanding of sensemaking and add value to how the SDCI process relates to sensemaking. The figure shows clearly how sensemaking is based on MOC and cognitive psychology.

Weick (1995, pp. 4-5, as reported in Louis, 1980, p.241) reported an astonishing note that flashes back into the SDCI process. The author reported that “individuals form unconscious and conscious anticipations and assumptions, which serve as predictions about future events, and this correlates with the point that the executive think and believe that what they did was the right thing to do based on their best background, understanding, and experiences. And that what is sensemaking plausibility, as opposed to accuracy.

Subsequently, individuals experience events that may be discrepant from predictions. Discrepant events, or surprises, trigger a need to explanation, or post-diction, and, correspondingly, for a process through which interpretations or discrepancies are developed. Interpretation, or meaning, is attributed to surprises. ... It is crucial to note that meaning is assigned to surprise as an output of the sense-making process, rather than arising with the perception or detection of differences”. And in this case, new events can potentially drive new understanding and actions and create new SD's.





**Figure 70 A sensemaking representation – components of sensemaking definitions summarised from literature (Weick, 1995; Weick et al, 2005; Huff, 2005; Arcona, 2012)**

Mantere (2000) argued, as also noted in **sub-section 1.3.3.2** above, that the prevailing strategy literature accounts for the linear approach to strategy implementation which neglects the complexity of human and social side. The author added that a “more realistic account is sought after in organizational psychological literature.” The author argued that “Sensemaking address complex social communication and understanding” and has many useful notions that can cater to the non-linear, complex nature of human interactions and interpretations.

The above conclusion was also sensed through the initial sensemaking exploration above, which also relates to the SDCI process as will be discussed further in this paper. I am, however, in disagreement with the author (p.70) about his understanding that Weick [sensemaking] “does not believe in planning.” This is an inaccurate proposition as Weick actually has addressed extrapolation and prediction, which are aspects of future consideration and planning as mentioned in **Figure 70**. Weick (1995, p. 30) clearly mentioned, “The dominance of retrospect in sensemaking is a major reason why students of sensemaking find forecasting, contingency planning, strategic planning, and other magical probes into the future wasteful and misleading if they are decoupled from reflective action and history”. This reflective action or retrospective idea is a component or a key property of sensemaking that takes into account not only the past, but also the current events and information and future expectations. This point will be addressed below while discussing retrospective property.

The interesting thing about sensemaking vocabularies and themes presented or discussed above is that they relate very nicely into the SDCI process developed from the empirical data. Main themes that emerged from the process were broad vision or espoused goals of what executive want to achieve in the future; beliefs, values, and norms of the decision makers; accumulated knowledge and experiences from the past; on-going observation and understanding of the performance and current conditions and events; on-going conversations of what actions to be taken in light of the past experience, performance and current

conditions and events; making SD's; acting and translating SD's into reality; on-going observation of results and performance; and on-going problem solving and operations decisions.

The above aspects or features of the SDCI process relate to the seven properties of. The next section discusses sensemaking theory or perspective and the related SDCI process to it in order to use sensemaking as a theoretical lens to give the process an explanatory power. These points gave me more confidence and motivated me further to explore and utilize sensemaking further.

In a masters theses that studies sensemaking and strategy implementation, Mantere (2000) argued that organizational psychological perspective: shared understanding, interpretation, identity beliefs and personal values, and the importance of social context are neglected. My study touches on such social, psychological, cognitive neglected elements.

The next section will discuss the seven properties of sensemaking. Next to that, sensemaking processes and activities will be discussed.

### **5.3.2 Properties of sensemaking**

Mills and Mills (2000) argued that "the sensemaking properties (Weick, 1995: 17-62), which have become the cornerstones of sensemaking, provided the analytic tools needed to understand the sensemaking process. While none of the properties can be thought of as a stand- alone element of sensemaking, indeed each is dependent on the other. The authors explained that some properties have greater or lesser relevance in explaining certain behaviours and in particular organizational situations. This account provided me with further confidence that sensemaking can be explored and used to give an explanatory power to the SDCI process because it does not restrict applying each sensemaking element at the same depth or level. As noted above in the Introduction in **section 5.1**, the objective is to use sensemaking in general to attempt giving the SDCI process some explanatory power.

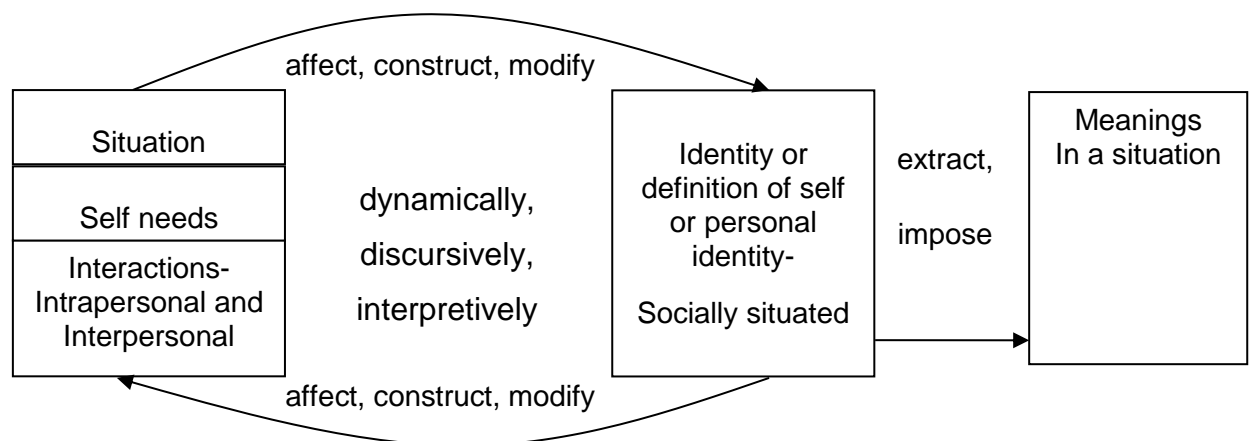
### **5.3.2.1 Grounded in identity construction property**

Weick (1995, p. 18) mentioned that “sensemaking begins with a sensemaker”, who does not act as a single sensemaker as the identity of an individual is constructed and constituted discursively due to the interaction process. So, to “shift among interactions is to shift among definitions of self. ... undergoing continual redefinition, coincident with presenting some self to others and trying to decide which self is appropriate. Depending on who I am, my definition of what is “out there” will also change. But the direction of causality flows just as often from the situation to a definition of self as it does the other way” (Weick, 1995, p. 20, as reported in Knorr-Cetina, 1981, p. 10). This way of viewing the self (I, me, mine, and myself) parallels that of cultural self-representation theory in response to the needs of self-enhancement (seeking a positive cognitive state of the self), “self-efficacy (desire to perceive oneself as competent),” and self-consistency (desire to experience coherence and continuity). It is “the on-going fate of these needs that affects individual sensemaking in organizations” (Weick, 1995, p. 20, as reported in Erez and Earley, 1993, p. 26). Weick (1995, p. 21, as reported in Dutton and Dukerich, 1991, p. 548) mentioned that “Individuals’ self-concepts and personal identities are formed and modified in part by how they believe others view the organization for which they work”. A good example of this from the data how the main customer looks at contractors and how that affects expectations and the way contractors or firms interact and do their work. Also how a partner views the other partner during mergers and acquisition decisions in terms of power and control. As summarized by Weick (1995, p. 61), “identity: The recipe is a question about who I am as indicated by discovery of how and what I think”.

This matches with data, especially the executive who viewed himself as playing multiple roles (social, financial, leader, technical, and business development) to create and implement SD’s. This shows how these personal views and perceptions were different but converged into a common understanding through the process of contiguous and ongoing conversations. Naturally, each person is

a different world. Then each person can change insight and perception of self and others due to changes in the situation and the situation can change due to changes in self-perception. A good example of this is the case in which the executive asserted the need for financial background as opposed only to having technical background to assess the situation and play a more effective role in the decision making process.

**Figure 71** depicts the above points about the property of identity construction in sensemaking.



**Figure 71 Properties of sensemaking (identity construction)-summarized from Weick (1995)**

### 5.3.2.2 Retrospective property

A central aspect of sensemaking, ‘retrospective’ idea is originated in the works of Schutz (1967, cited in Weick, 1995, p. 24) on “meaningful lived experience” to “capture the reality that people can know what they are doing only after they have done it”. So, experience is a key word. Weick (1995, p. 25), however, clarified to the readers that even though “experience as we know it exists on the form of distinct events [experiences over time] ... But the only way we get this impression is by stepping outside the stream of experience and directing attention to it. And it is only possible to direct attention to what exists, that is, what has already passed” (Schutz, 1967, p. 51, as cited by Weick, 1995, p. 25),

however close this experience is, “is at least minutely past by the time we perceive it” (Weick, 1995, p. 24, as reported in Hartshorne, 1962, p. 442). Weick (1995, pp. 25-26) concluded that attention to the past experience is essential to the creation of meaning; that events occurring at the moment influences what people discover as they glance backward; that making sense of memories is affected by anything that affects remembering; and that situational context influences the choice of the stimulus, which affects the choice of action or response and what it means [why and how it is done].

Weick (1995, p. 26) mentioned that “an action can become an object of attention only after it has occurred”. This point is misleading if not understood properly. It does not mean that people do not pay attention to what they will do. In the contrary, as was also found in the SDCI process they base their actions based on current and past experience and on complete knowledge about the internal performance and environment and marketplace. It does not mean people do not plan or think before acting. It means that doing and acting help people pay attention to these actions and reflect on these actions as part of their lessons learned and accumulated experience.

Attention can shift based on new market and business developments and experiences gained, which can have implications on how meaning of things are perceived. As put by Weick (1995, p. 27, as reported in Gioia and Chittipeddi, 1991, p. 435), “Meanings change as current projects and goals change”. An example of this point from the SDCI process is the case when the attention and meaning that are attributed to the situations differently by executives and members of the firm.

Regarding experiences, Weick (1995, p. 27) mentioned that “Experience may influence sensemaking,” which affects actions to probe into the future (Weick, 1995, p. 30). An example of this is what executives or firms perceived as threat or opportunity in their interviews. Weick (1995, p. 29) also noted that much of the organizational studies works assume the effect of retrospect as exemplified in Mintzberg’s (1978, p. 935, as cited in Weick, 1995, p. 29) work on strategy,

which he defines as “observed patterns in past decisional behavior”. So, as noted above, there is no contradiction between retrospective sensemaking and planning.

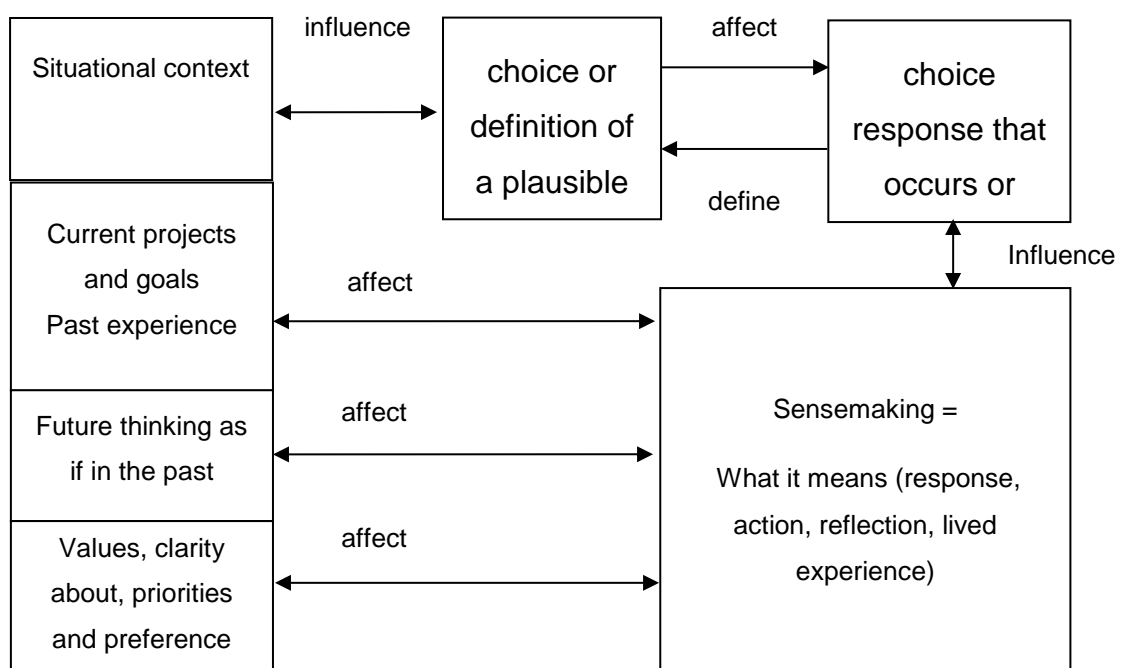
Furthermore about the point of experience, sensemakers face the problem of equivocality as sensemaking may lead to multiple possible meanings, which may need to be synthesized and reflected on (Weick, 1995, p. 27). Multiple interpretations and meanings can give rise to confusion, not uncertainty. As opposed to Huber, Ullman, and Leifer (1979) who define sensemaking as a setting in which people need more information, Weick (1995, p. 27) argued “That is not what people need when they are overwhelmed by equivocality. Instead, they need values, priorities, and clarity about preferences to help them be clear about which projects matter. Clarity on values clarifies what is important in elapsed experience, which finally gives some sense of what that elapsed experience means”. This is a very subtle quote about the role that values and priorities in sensemaking, which was also detected and reported in the SDCI process.

Also, sensemaking can be extended to the future through the ‘future perfect thinking’ concept (Weick, 1995, p. 29, as reported by Weick, 1979, p. 29 and Boland, 1984) as it is easier to make sense of future events as if “they are placed in the past.” As a result, “present decisions can be made meaningful in a larger context than they usually are and more of the past and future can be brought to bear to inform them” (Weick, 1995, p. 29, as reported in Weick, 1979).

As discussed above, thinking about and envisioning the future can help sensemaking and help make more informed strategic decision. Mechanisms listed in **Figure 70** above such as extrapolation and prediction, which are future oriented, are part of the components of sensemaking. The actions in the transformers and engineering mergers cases of conducting financial analysis and due diligence and preparing financial models are some sort of looking forward into the future to make better current decisions and minimize surprises.

The executives or firms tried to avoid surprises, yet the reality was that there were many problems and obstacles that they faced and were challenged with.

**Figure 72** attempts to make sense of the material discussed above. The figure clearly shows how sensemaking cuts through time and space. The links are bi directional to denote the nature of iteration and non-linearity. The links are limited to the performed reviewed and are not to be considered as exclusive.



**Figure 72 Properties of sensemaking (retrospective experience)-summarized from Weick (1995)**

### 5.3.2.3 Enactive of sensible environment property

Sensemaking “keeps action and cognition together” (Weick, 1995, p. 30, as cited in Thomas et al, 1993, p, 2). Through action, people in organizations “produce part of the environment they face” (Pondy and Mitroff, 1979, p, 17). Therefore, Weick (1995, p. 32) assumes that “action is crucial for sensemaking” as this is part of the enactment of sensible environment.



Like legislators, managers in organizations enact and affect environment and reality though (Weick, 1995, p. 31)

Authoritative acts. When people enact laws, they take undefined space, time, and action and draw lines, establish categories, and coin labels that create new features of the environment that did not exist before.

Given the situation and its circumstances, managers take action and create a new reality and environment and “create the materials that becomes the constraints and opportunities they face” (Weick, 1995, p. 31) and that was what happened in the SDCI process and was evident in the consequences of making SD’s as in the transformers and Jubail cases. The firms were faced with circumstances that lead them to take subsequent key operational decisions and actions. The environment is not a fixed thing and is not set apart from the individual (Weick, 1995, p. 32).

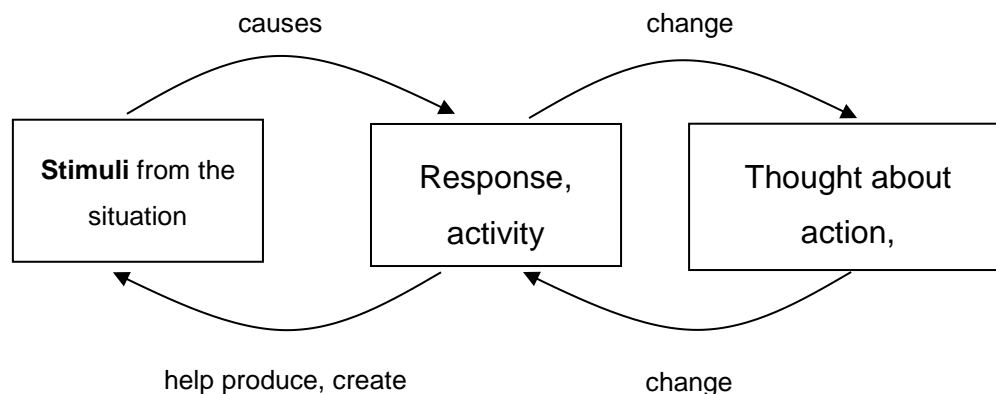
The word enactment suggests that “people receive stimuli as a result of their own activity (Weick, 1995, p. 32, as reported I Follett, 1924, pp. 118-119). Weick (1995, p. 32) added,

The activity of the individual is only in a certain sense caused by the stimulus of the situation because that activity is itself helping to produce the situation which causes the activity of the individual. ..., that is, we shall never catch the stimulus stimulating or the response responding (Follett, 1924, P. 60).

The above quote also confirms that sensemaking process is non-linear, just like the SDCI process. Follett (1924, pp. 62-63) argued that “as we perform a certain action our thought towards it changes and that changes our activity”. This was also the nature of the SDCI process that was detected in the cyclical links and feedbacks and bidirectional links between its components and the environment.

Weick (1995, p. 36) argues that enactment is all about “action in the world, and not conceptual pictures of that world (*enthinkment*)”. See **Figure 68** where maps and images are only one component followed by actions. Rather, actions alter mental models and “guide subsequent strategic choice”. The enacted world is tangible and is also “subjective, punctuated, bracketed, world because it has the “origin in mental models of causality” connected categories that were part of the strategizing that “carved out artifacts in the first place” Weick (1995, p. 37, as reported in Porac et al., 1989, pp. 398).

**Figure 73** depicts the discussions in the above paragraphs to better make sense of them. The bidirectional links emphasize the point of end to end, iterative sensemaking process that links stimuli to response to impact and change. The spirit of this process was also very clear in the SDCI process.



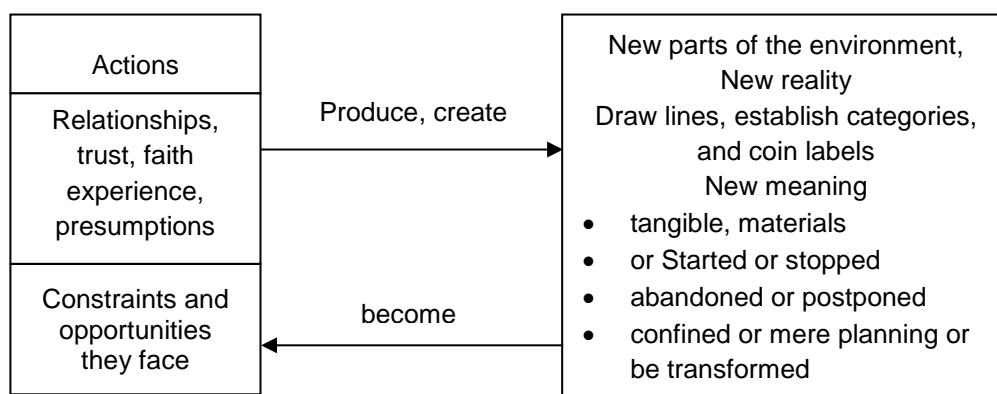
**Figure 73 Stimulus-Response as summarized from Weick (1995, pp. 32-37)**

The action yields not only creation as the outcomes of action may be (Weick, 1995, p. 37, as reported in Blumer, 1969, p. 16) “started or stopped, they may be abandoned or postponed, they may be confined or mere planning or to inner life of reverie, or if initiated, they may be transformed. ... Any one of these outcomes, all of which differ from creation, can still produce meaning... The idea ... suggest that there are many ways in which action can affect meaning other than by producing visible consequence in the world.” Interestingly enough,

this aspect was very clear in the SDCI process as in medical SD case when the suitable actual creation action timing was a factor to wait or step in.

Also, the action is not fixed and “continually shaped by the types of actions in which we engage” (Weick 1995, p.38, as reported in Varela et al., 1991, p. 144). Weick (1995, p. 38) added that it is not only actions but also “relationships, trust, faith experience, and presumptions” are tools for interpretation and sensemaking. Faith is regarded instrumental to sensemaking because “it sets self-fulfilling action in motion” (Weick, 1995, p. 38, as reported in James, 1956, p. 54). These aspects also part of the SDCI process as executives or firms had their own experience and belief and values that guided their SD’s creation and implementation.

**Figure 74** below depicts the above discussions on the enactment of sensible environment. The figure shows the two directional links between the actions and the environment. These links denote their mutual impact. The interesting thing is the concept of creation action, which does the actual tangible changes and happenings in the firm or its environment, as opposed to just the talking action that stops at the creation of the SD. The executives or firms went through cycles of observations and discussions until the actions of ‘talking’ occurred through the utterance of the SD. Actual creation action followed only after they were confident that they made the right decision at that moment.



**Figure 74 Properties of sensemaking (enactive of sensible environment)-  
summarized from Weick (1995)**

#### **5.3.2.4 Social property**

Weick (1995, p. 39) defined sensemaking as “a social process ... that shapes interpretations and interpreting” along the definition of organization by Walsh and Ungson (1991, p. 62) who emphasized its sociality by stating that organization “is a network of inter-subjectively shared meanings that are sustained through the development of and use of common language and everyday social interactions”, which are contingent on “the conducts of others, whether those others are imagined or physically present” (Weick, 1995, p. 39). Since sensemaking is a social process, it must be as complex as is the social world. This complexity is demonstrated through the themes and concepts and vocabularies discussed so far.

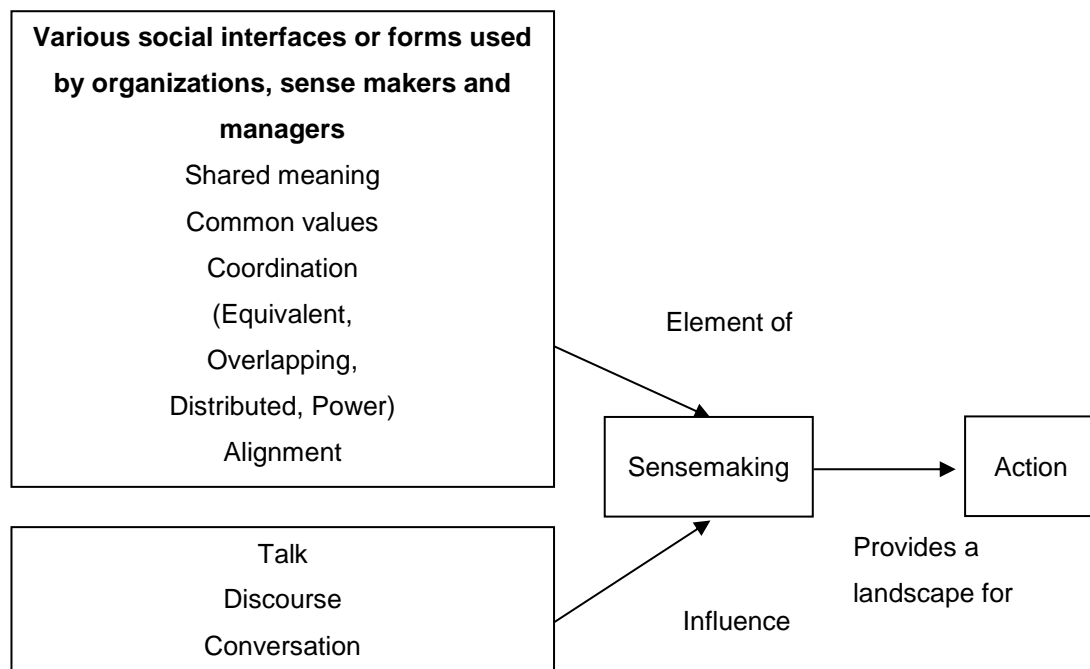
In this connection, social psychology was defined by Allport (1985, p.3) as “an attempt to understand and explain how the thought, feeling, and behavior of individuals are influenced by the actual, imagined, or implied presence of others”. It can be noticed that sensemaking is indeed related to MOC that deals with organization, psychology, and behavior. Weick (1995, p. 39) used the quote from Burns and Stalker (1961, p. 118) to emphasize the same point of interaction and mutual understanding:

In working organizations decisions are made either in the presence of others or with the knowledge that they have to be implemented, or understood, or approved by others. The set of considerations called into relevance on any decision-making occasions has therefore to be one shared with others or acceptable to them.

The SDCI process also demonstrated that SD's were also a creation of the firm through social interactions between the executives, management teams, and other staff. However, the interactions were real and not imaginary as proposed above. In fact Weick (1995, p. 39) warned, however, that imagined presence should not be overdone as this “creates specious social quality. This is the problem with much of so-called social cognition.”

The above indicates that sensemaking is never individual because “what a person does internally is contingent on others”, and since sensemaking has to do with interactions and interfaces, then knowing how the interactions get mediated such as “talk, discourse, and conversation” become important (Weick, 1995, p. 40). Additionally, Shotter (1993, p. 157, as reported by Weick, 1995, p. 41) described the manager as “ a ‘conversational author’, able to argue persuasively for a ‘landscape’ of next possible actions, upon which the ‘positions’ of all who must take part are clear”. This also was clear throughout the development of the SDCI process.

Forms of social interaction and interface activity might include not only shared meaning and common values, but also power, coordination (equivalent, distributed, and overlapping meaning), and alignment (Weick, 1995, pp. 41-43). These forms of interfacing and meaning creation open the door to all forms of talks, discourses, and conversations that lead to the creation of SD's. **Figure 75** depicts these themes.



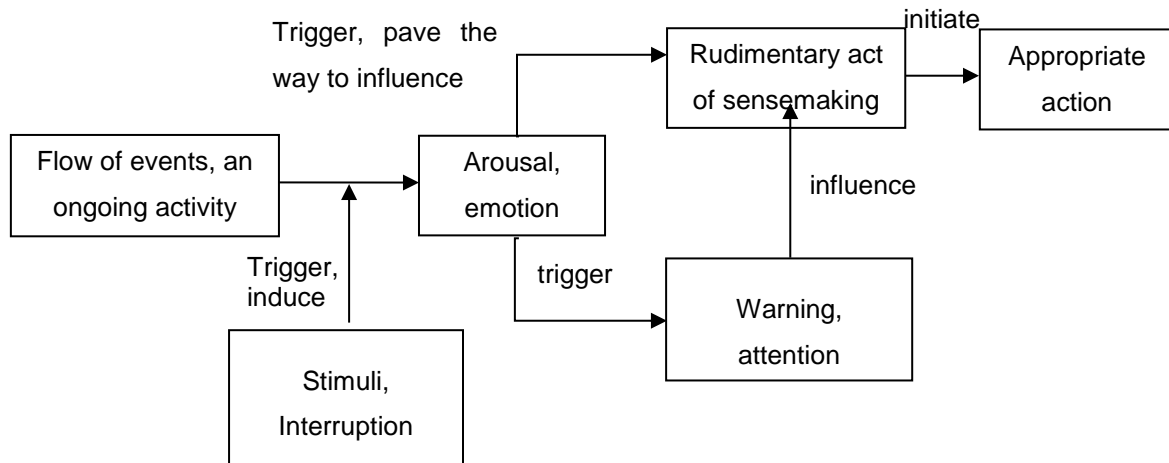
**Figure 75 Properties of sensemaking (Social property) as summarized from Weick (1995)**

### 5.3.2.5 Ongoing property

Weick (1995, p. 43) argued that people extract cues from a continuous flow of moments in various ways because people “are always in the middle of things”. Therefore, sensemaking is an on-going activity in the middle of “complex situations which we try to disentangle by making, then revising, provisional assumptions.” Weick (1995, p. 43, as reported in Burrell and Morgan, 1979, p. 237).

Depending on the context, the flow “might be labelled either a problem or a solution to justify some perceived choice” as argued by (Starbuck, 1983, as reported in Weick, 1995, p. 44). An interruption to a flow “typically induces an emotional response, which then paves the way for emotion to influence sensemaking.” (Weick, 1995, p. 45) Emotions can be negative or positive, but they may change over time (Weick, 1995, p. 47). Also, emotion is “a non-response activity, occurring between the awareness of the interrupting event and an action” (Weick, 1995, p.48). Furthermore, emotions “affect sensemaking because recall and retrospect tend to be mood congruent. People remember events that have the same emotional tone as what they currently feel.” (Weick, 1995, p. 49, as reported in Snyder & White, 1982)

Interruption works as “a signal that important changes have occurred in the environment” (Weick, 1995, p.46) as is the case with the SDCl process. Interruptions of on-going activity trigger arousal (discharge in the autonomic nerves system), which triggers a “rudimentary act of sensemaking [and] provides a warning that there is some stimulus to which attention must be paid in order to initiate appropriate action” (Weick, 1995, p. 45, as reported in Berscheid, 1983 and Mandler, 1984, pp. 180-189). Weick (1995, p. 45) added that arousal “develops slowly. It occurs roughly 2 to 3 seconds after an interruption has occurred, and this delay gives time for an appropriate action to occur”. This can explain why in SD they have very high confidence in their SD’s. **Figure 76** depicts the above points graphically.



**Figure 76 Properties of sensemaking (Ongoing)-summarized from Weick (1995)**

### **5.3.2.6 Focused on and by extracted cues property**

The importance of extracted cues for sensemaking was highlighted in the ‘great two points for reasoning’ (James, 1950, p. 340-343, as reported in Weick, 1995, p. 49-50). First, “an extracted character [cue] is taken as equivalent to the entire datum from which it comes. Second, the extracted cue “thus taken suggests a certain consequence more obviously than it was suggested by the total datum as it originally came”. An example that was reported by the author was judging that a piece of cloth would degrade due to its observed character (the cue) of its instable dye. The cue, part of the object, was used to judge the whole object. The extracted cues lead to the consequence of deciding not to buy it due to its short term degradation.” Related to this point is the behaviour or actions taken by the executives in the SDCI process. What was known to them as data was good enough to judge the entire situation, make sense of what was going on, and make a SD and commit to it. Otherwise, it would have taken them too long and possibly be too late to respond

Weick (1995, p. 50) addressed this point by stating that cues are “Simple, familiar structures that are seeds from which people develop a larger sense of what may be occurring”. Weick (1995, p. 50) intentionally used the metaphor of ‘seed’ to convey the quality of iterative meaning development; a singular

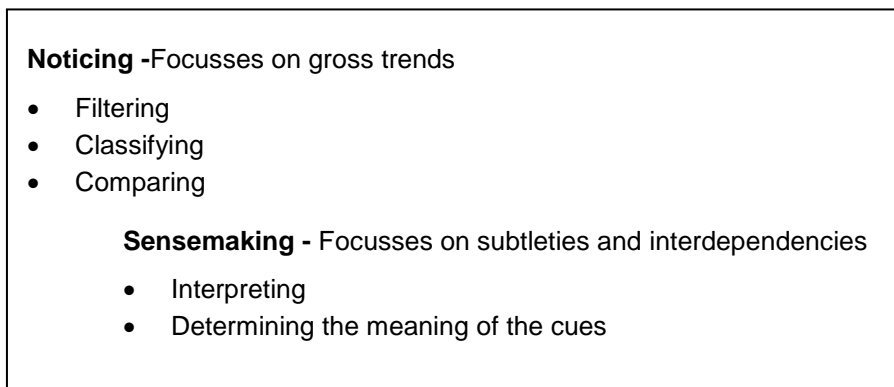
observation is linked to a general idea, which in turn clarifies or alters the meaning further.

Weick (1995, p. 50, as reported in Smircich and Morgan, 1982, p. 258) added that leadership is about establishing a point of reference to emerge a direction. Following the example of the cloth above, a leader would direct the attention of people to the character or cue of dye as opposed to other quality such as density of the weave to judge the cloth's value, the consequential act. Indeed, the behaviour and action of the executives and firms when they made the SD's was the practice of focusing on what matters rather than focusing on the irrelevant. Actions "create the conditions for further action" (Weick, 1995, p. 51, as reported in Shotter, 1993, p. 156).

Weick (1995, p. 51) argued that extracted cues depend on contexts, or 'local contingencies' as put by Weick, because contexts affects "what is extracted as a cue in the first place ... and affects how the extracted cue is then interpreted" . The extraction of cues is related to the terms of search, scanning, and noticing used in organization literature (e.g. Cyert & March, 1964; Daft & Weick, 1984; and Starbuck & Milliken, 1988 respectively, as reported in Weick, 1995, p. 51.) While noticing refers to the activities of "filtering, classifying, and comparing ... sensemaking refers more to interpretation and the activity of determining what the noticed cues mean" (Weick, 1995, p. 51). As put by Starbuck and Milliken (1988, p. 60, as reported in Weick, 1995, p. 52), "sensemaking focusses on subtleties and interdependencies, whereas noticing picks up major events and gross trends". See **Figure 77**. In this regard, noticing is not sensemaking; it is just one part or component of it.

The executives behaved in a way that goes in that direction. During the observation stage, they were able to detect cues and signals that tuned their attention and in turn refine or create new ideas during the conversation stages.





**Figure 77 Noticing and sensemaking from Starbuck and Milliken (1988, p. 60, as reported in Weick, 1995, p. 52)**

Weick (1995, p. 53, as reported in Salancik and Pfeffer, 1978, p. 233) argued that social contexts is very important to sensemaking because “it binds people to action that they then must justify. It affects the saliency of information, and provides norms and expectations that constrain explanations“. And here is an interesting point that relates to the SDCI process in which the executives created SD’s and were very committed and convinced had strong faith of their execution, regardless of the fate and results of these SD’s

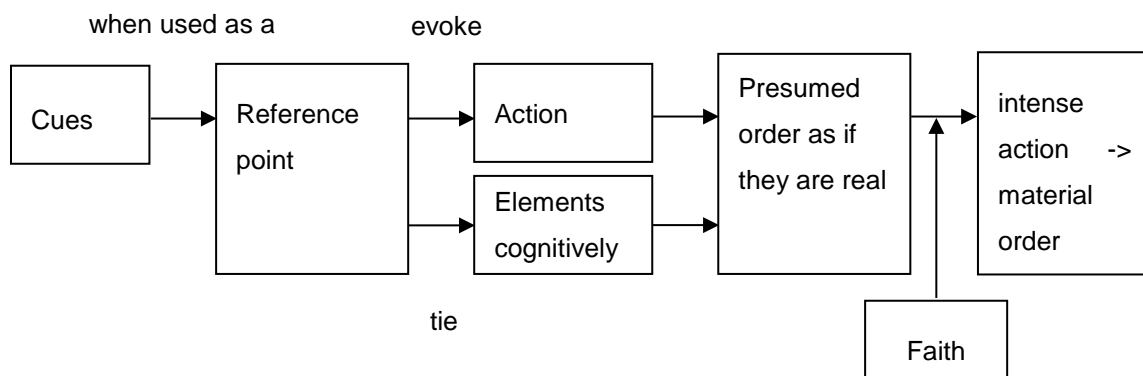
Mailloux (1990, p. 133, as reported by Weick, 1995, p. 52) added that context includes politics, which can lead to conflicting interpretations and political struggle, which in turn “interact with choices of strategy and organizational design”.

Weick (1995, p. 53) emphasized that “faith in the extracted cues and their sustained use as a reference point is important for sensemaking” as cues are crucial to evoke action and “tie elements together cognitively ... ties are then given more substance when people act as if they are real”, and when faith is followed by enactment [action], presumed order becomes tangible (Weick, 1983, pp. 228-230).Cues stimulate cognitive structure that leads to more intense action when then leads to the creation of a material order in place of presumed order (Weick, 1995, p. 54). This discussion can explain why

executives has a great faith in the SDs they made and were so confident about them, and they made sense to them to act in that manner.

**Figure 78** illustrates the above ideas graphically. The figure shows the trip that cues travel into their action destiny in the real world.

As nicely summarized by Weick (1995, 54-55), strategic plans can be viewed as maps, which “animate and orient people” for action (enactment), “which generates tangible outcomes (cues) in a context (social), and that helps people discover (retrospect) what is occurring (ongoing), what needs to be explained (plausibility), and what should be done next (identity enhancement)”



**Figure 78 Properties of sensemaking (property of focused on and by extracted cues) as summarized from Weick (1995)**

Managers’ success is explained by what they do, not by what they plan (Weick, 1995, p. 55) and the error that managers do is more planning and less acting. Starbuck (1993) explained that managers are “astonished when more planning improves nothing” (as reported by Weick, 1995, p. 55).

So, as noted earlier, sensemaking literature is not only about acting, but also about plausible planning that does not paralyze action.

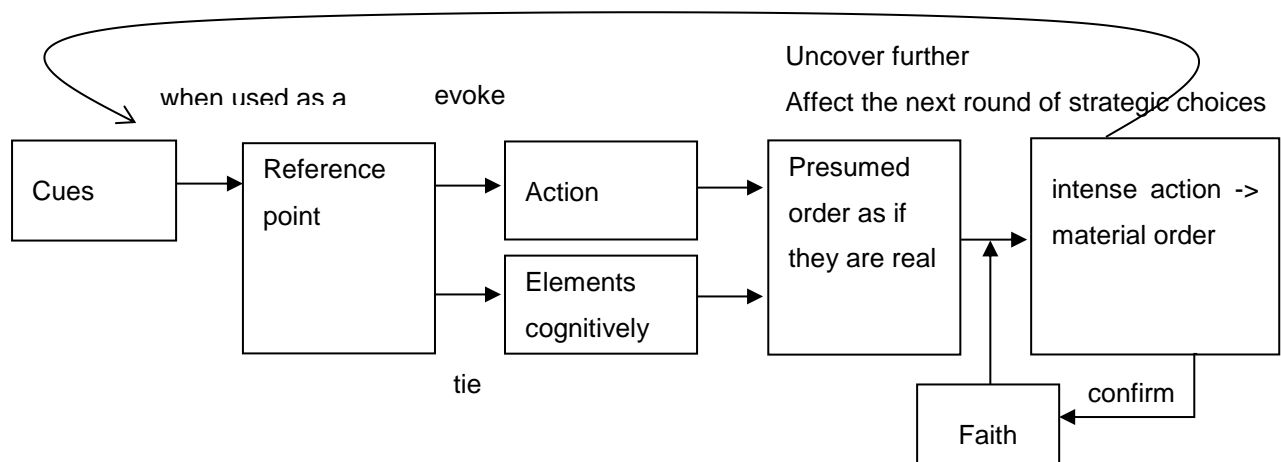
Actions set sensemaking in motion, which “confirms the faith through its effects on actions that make material that previously that had been merely envisioned.”

(Weick, 1995, p. 55)Based on this, **Figure 79** has been modified to all loop back links that either confirm the faith or uncover additional cues or affect the next round of strategic choices.

The SDCI process clearly includes feedback links that depicted the iterative nature of the process that enabled the executives to refine and adjust thinking and making decisions as they go.

Sensemaking cures are both extracted and enacted “in the sense that each competitor makes strategic choice on the basis of its belief, and those choices put things out there that constrain the information the firm gets back. What the firms get back affects the next round of choices” (Weick, 1995, p. 81).

And here it was also noticed that multiple SD’s were actually made by the executives or firms in response to new events and developments within the internal or external environment.



**Figure 79 Properties of sensemaking (property of focused on and by extracted cue) as summarized from Weick (1995)**

### 5.3.2.7 Driven by plausibility rather than accuracy property

Weick (1995, p. 56, as reported in Isenberg, 1986, p.242-243) argued that accuracy for sensemaking is nice but not necessary as reasoning is not necessarily correct, but fits the imperfect facts and incomplete information. Evidence started to show that executives are not always accurate in their perception to their environment and organizations (1988, p. 40).

Sutcliffe (1994) argued that as opposed to depth of information, “breadth and variety of informational inputs are crucial” to executives and decision makers. For sensemaking, this is not a problem as argued by (Weick, 1995, p. 57) as sensemaking is not about objective perception. Instead, sensemaking “takes a relative approach to truth”, and it is about “plausibility, pragmatics, coherence, reasonableness, creation, invention, instrumentality”, emotional appeal, and goal relevance (Weick, 1995, p. 57, as reported in Fiske, 1992, p. 879).

Weick (1995, pp. 57-60) explained why accuracy is secondary for sensemaking analysis. Among the reasons were: executives deal with overwhelming data by focusing on the filter that helps them separate signal from noise; executives enlarge and embellish a single point of reference and link it with a more general idea; managers favor speed and time over accuracy in order to use minimal cues quickly and get to the market before others in a fast changing circumstances (Fiske, 1992) [The SDCI process depicts a direct link to internal and external environment to indicate live and immediate response]; accuracy becomes a short terms issue for specific issue or question (Swann, 1984, p. 462) [transformer case of due diligence]; accuracy makes more sense when objective perception rather than inter-subjectivity is studied (Swann, 1984, p. 460) and executive perceive more people than objects to assess industry trends (Hambrick et al, 1993); and accurate perceptions can immobilize as action-oriented people tend to simplify rather than elaborate.

Finally, Weick (1995, p. 61, as reported in Starbuck & Milliken, 1988, p. 41) noted that sensemaking is about “accounts that are socially acceptable and credible”. Weick (1995, p. 61) also noted that an account such as stories [including myths, metaphors, fables, and epics] is resource for sensemaking as “They explain. And they energize. And those are two important properties of sensemaking that we remain attentive to when we look for plausibility instead of accuracy”.

This can explain why the SD’s in the SDCI process that were made and implemented faced problems and issues. The SD’s were not perfected to avoid

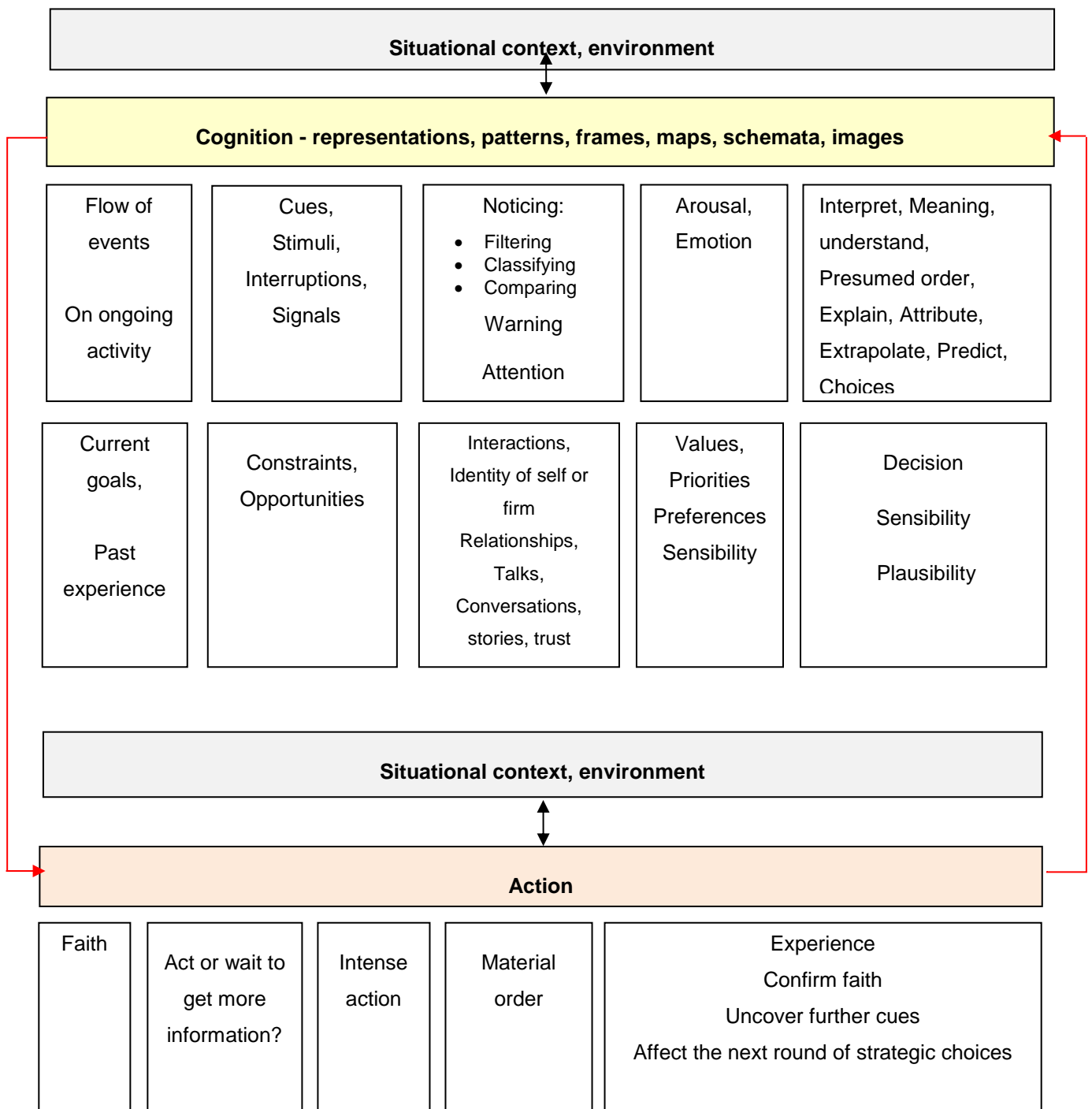
such problems. They were good enough to proceed with the best available information from the past, current event, and of course expectation of the future.

Surprisingly, the above sensemaking discussions about the definitions and properties of sensemaking can be summarized **Figure 80** in the two groups of themes or elements: cognition- and action-based, just as put by Weick (1995) that sensemaking is cognition plus action and that sensemaking “keeps action and cognition together” (Weick, 1995, p. 30, as cited in Thomas et al, 1993, p, 2).

The figure enlists the elements together without any intent to show precedence or sequence or cause-effect relationships.

The context is a common theme for both cognition and action. The feedback links indicate the iterative, non-linearity nature of sensemaking. SDCI process relate very nicely into these themes as it was highlighted throughout the above discussions.

The above discussions spanned various definitions and properties of sensemaking. The next two section look into sensemaking from other angles: its substance or content and processes. This coverage will enhance and refine our understanding of sensemaking and how the SDCI process relates to it.



**Figure 80 Sensemaking span of definitions grouped as cognition plus action as summarizes from literature (Weick, 1995; Weick et al, 2005; Huff, 2005)**

### **5.3.3 The substance or content of sensemaking**

This section highlights the importance of language as a resource for sensemaking. Weick (1995, p. 106) mentioned that “Sensemaking is generated by words that are combined into the sentences of conversation to convey something about our ongoing experience”. Also, Sensemaking joins discrete sentences to create more plausible meaning (Weick, 1995, p. 106). Furthermore, “an important practical implication of sensemaking is that, to change a group, one must change what it says and what its words mean. ...language transformation can be a pathway to behavioral transformation” (Weick, 1995, pp. 108-109).

Weick (1995, p. 110) mentioned that sensemaking “substance starts with three elements: a frame, a cue, and a connection [relation]”. Content of sensemaking can be found in these three elements. A frame can be viewed as a past socialization moment, and a cue can be viewed as a present experience moment. Unit of meaning is created when all the three elements are combined. Example of a frame is national culture. Cues can be made sensible when cues are noticed and extracted within frames. The search for meaning may take longer if there is no past moment or frame to link cues to.

Weick (1995, 110) clarified that “words that are more abstract (frames) include and point to abstract words (cues) that become sensible in the context created by the more inclusive words”.

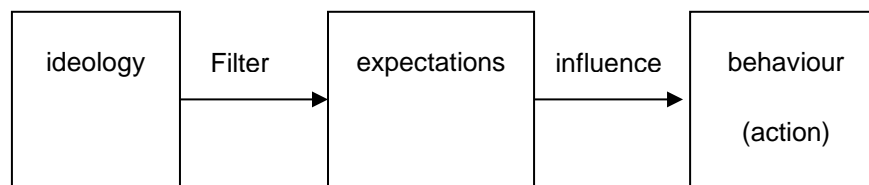
Sensemaking in organizations uses vocabularies or language or contents in any of the elements of frames (past moments and categories), cues (current moments and labels), and the connections between the two.

Weick (1995, pp. 109-132) introduced six vocabularies that inform sensemaking in organizations. These vocabularies or content through which sensemaking is created or manifested include values, norms, and beliefs; assumptions, suppositions, and informal procedures; self-contained standards, agreed upon or consensus on sets of procedure, systems, power and authority, subjective view points; schema, organizational cognitive structure that filters and interprets

signals from the environment and builds the territory for action (prepared mind); mental structure like images of know-how, recipes, scripts, rules of thumb, heuristics, lessons learned, beliefs that represent transmittable symbolic encodings of performed works and actions; and stories, accounts of remarkable and noteworthy stories, and sequential recordings of events.

The following paragraphs define and illustrate graphically all these sensemaking contents or vocabularies. **Figure 81** to **Figure 86** illustrate these contents or vocabularies.

Society vocabularies or ideology includes shared values, beliefs, norms, and preferences. They are influential filters of certain behaviour and expectations. For example “people who believe that borrowing is risky, ....., will avoid strategies that require borrowing”. Figure 81 depicts this point graphically.

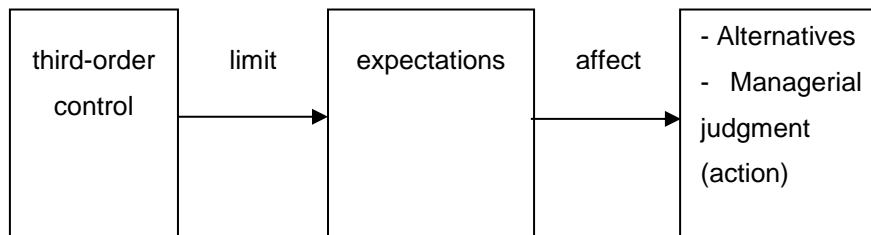


**Figure 81 The substance or content of sensemaking-Ideology as summarized from Weick (1995)**

It was concluded in the SDCI process that norms actually played a role in the SD's the executives and firms made.

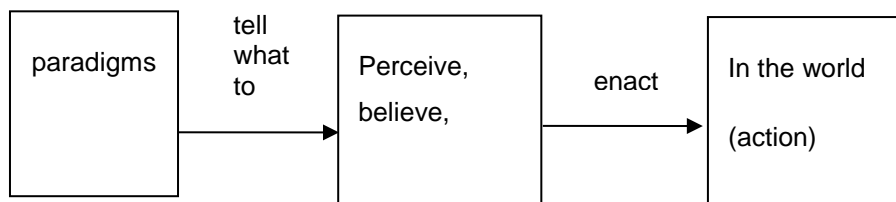
Organization vocabularies or third-order control are premise structure and controls as opposed to formal structure. They include assumptions or suppositions taken as given, informal procedures, influence premise used to diagnose a situation, affects managerial judgment and meaning of risk, limit the flow of information, limit the search for alternatives, affects expectations and decision making.





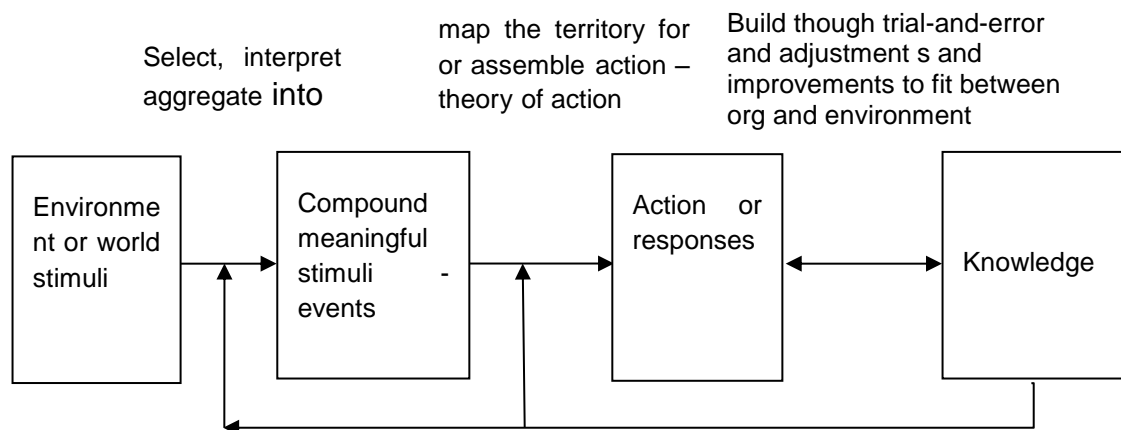
**Figure 82 The substance or content of sensemaking-third-order control as summarized from Weick (1995)**

Work vocabularies or paradigms include self-contained standards and agreed upon or consensus on sets of procedure, systems, power and authority, subjective view point that tells what people perceive, or conceive, or believe about and enact or act in the world.



**Figure 83 The substance or content of sensemaking-paradigms as summarized from Weick (1995)**

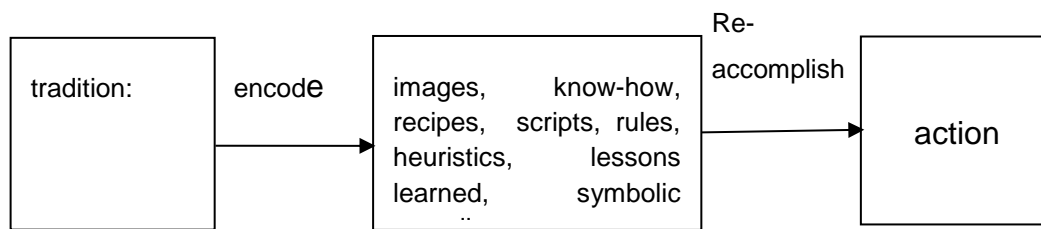
Coping vocabularies or theories of action for organizations are like cognitive structure for individuals, builds on stimulus-response model or paradigm (Hedberg, 1981, p. 7), “filter and interpret signals from the environment or world, tie stimuli to responses”).



**Figure 84 The substance or content of sensemaking-theories of action as summarized from Weick (1995)**

A full schema for theory of action “carries with it an additional set of assumptions under which it holds” and has the form of “in situation S, if you want to achieve consequence C, under assumptions  $a_1 \dots a_n$ , do A” (Weick, 1995, p. 122, as reported in Argyris, 1976, p. 5). Therefore, theories of action “would be expected to be crude maps of the territory of action.” (Weick, 1995, p. 123). Weick (1995, p. 121) added that cognitive and cause maps, knowledge structures, and mental models “all contain substance that provides a meaningful frame that facilitates meaningful noticing”. This also goes with the general direction of the SDCI process through noting and looking into directions for action.

Predecessor vocabularies or tradition are mental structure like images of know-how, recipes, scripts, rules of thumb, heuristics, lessons learned, beliefs that represent transmittable symbolic encodings of performed works and actions, which cannot be transmitted and ceases to exist once they are performed. It allows people to re-accomplish action effectively depending on the degree these images address action.

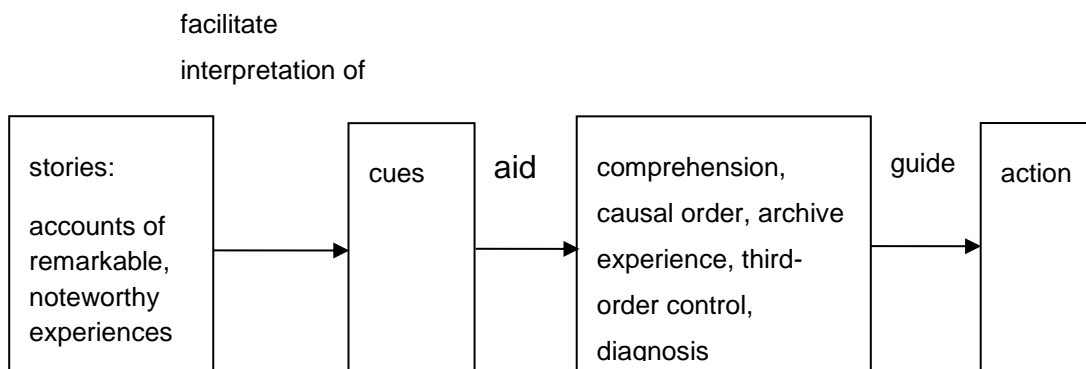


**Figure 85 The substance or content of sensemaking-tradition as summarized from Weick (1995)**

Experience vocabularies or stories are narrative structure, accounts of experience, “symbolic presentation of a sequence of events connected by subject matter and related by time” (Scholes, 1981, p. 205). Stories “posit a history of an outcome. They gather strands of experience into a plot that produces that outcome.” (Weick, 1995, p. 128)

Narrations and stories provide a “plausible frame for sensemaking” (Weick, 1995, p. 128). “Telling stories about remarkable [noteworthy] experiences is one of the ways in which people try to make the unexpected expectable, hence manageable.” (Robinson, 1981m p. 60)

Stories serve as guides to conduct and action by facilitating interpretation of cues uncovered by that action or conduct. Stories bring clarity to an adjacent, less orderly area. Stories “aid comprehension,... suggest causal order of events, ... can guide action before routines are formulated and can enrich routines after those routines are formulated, ... enable people to build a database of experience from which they can infer how things work, ... transmit and reinforce third-order controls by conveying shared values and meanings (a script is a second-order controls that works like a standard operating procedure), .... Facilitate diagnosis.” (Weick, 995, p. 129)



**Figure 86 The substance or content of sensemaking-stories as summarized from Weick (1995)**

Weick (1995, p. 132) concluded that these contents or ‘minimal structures’ codify knowledge and experience and create some meaning when any two can be connected. They create the basis or context upon which the situation is interpreted, action is directed and taken, and decision is made.

The above discussion relates to how executives or firms in the SDCI process used past experience and values to make sense of the environment and make SD’s that they have high confidence in them.

#### **5.3.4 Sensemaking processes and activities**

Weick (1995, p. 133-168) discussed sensemaking processes and attempted to answer the elusive question of how people impose frames on on-going flows of events and link these frames with cues for the sake of meaning. Weick (1995, p.135) mentioned that sensemaking is about tying beliefs and actions more closely together. Also, sensemaking starts with whatever is clearer and ties it with the less clearer. The sensemaking process is the activities that tie and relate the elements of belief to action “by socially acceptable implications.”(1995, p. 135) The outcome is the connected elements and a unit of meaning.

Sensemaking is a process of “making do with whatever resources are at hand.” (Weick, 1995, p. 145)

#### **5.3.4.1 Belief-driven processes of sensemaking**

Beliefs, as a key resource, can be embedded in arguing or expecting, which guide interpretation, facilitate sensemaking, and impact target events (Weick, 1995, p. 145, as reported in Eden, 1992).

Argument is a process by which people take risk to reason their way through a perceived rational from one idea or belief to the choice of another idea or belief (Weick, 1995, p. 138, as reported in Brockriede, 1974, p. 166). Sensemaking in organizations is not always a clean recipe as interactions and argumentation commonly get on the way (Weick, 1995, p. 136, as reported in Mailloux, 1990, p. 134). Most arguments take place in meetings (Weick, 1995, p. 142, as reported in Huff, 1988, p. 87) as meetings “are sense makers” (Weick, 1995, p. 135, as reported in Schwartzman, 1987, p. 288). Huff (1988, p. 88) added that meetings are decision points in which “very different interests, needs, solutions, and problems can be combined in one decisions opportunity”. Also, meetings can serve politics, “and by its very structure can serve to coordinate and meld differences” (Huff, 1988, p.87). Huff, 1988, p. 87) added, “It is an achievement of organization that very different interest, needs, solutions, and problems can be combined in one decision opportunity.” Therefore, arguing is a crucial resource for sensemaking (Weick, 1995, p. 145).

Expectations are a “predicted state of the models stored in the nervous system of the world” (Weick, 1995, p. 145, as reported in Bruner, 1986, pp. 46-47). Expectations are “more directive than arguing ...operate with a behavior hand ... filter input more severely ... raise a host of issues concerning accuracy, and error, and the limits of social construction” (Weick, 1995, p. 145). Weick (1995, p. 146, as reported in Klein, 1989 and Noble, 1993) added that when a cue is “connected to an expectancy, a unit of meaning is formed. And the expectancy is then used to test for and flesh out additional implications of the cue. These additional implications are tested against new cues. If the expectations are

accurate enough (satisfying), people gain confidence in their situational assessment.

It was reported in the SDCI process that executives and firms always held meetings and had conversations about the current and future state of the business. When they thought they were satisfied with their knowledge about the situation and the expectations that they can achieve, they were keen to forward by making the decision and execute it.

#### **5.3.4.2 Action-driven processes of sensemaking**

While the phenomena of cognition, perception, and representation “imply accepting the environment as given”, sensemaking phenomenon goes beyond that as it has to “put [place] something there, or consolidate what is there, or poke around to see might be there, or orchestrate [recruit]some kind of agreement about what might be there. All of this placing, consolidating, poking, and recruiting is action in the world. This action affects what the organization then sees” (Weick, 1995, p. 163). This is also described as inventing the environment (Weick, 1995, p. 163, as reported in Starbuck, 1976, p. 1069). So, both the environment and action accommodate each other (Weick, 1995, p. 163, as reported in March & Olsen, 1989, p. 46).

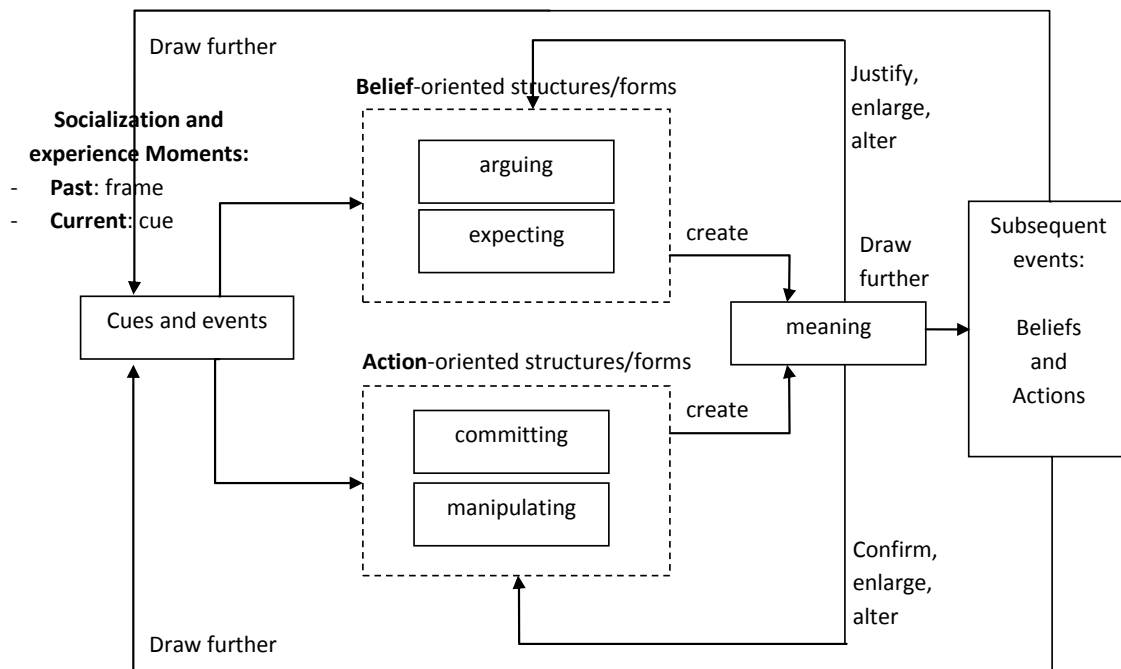
While “expectations pave the way behaviorally to their own confirmation ... actions pave the way cognitively to their own continuation” (Weick, 1995, p. 156).

Because beliefs and actions forms are interrelated and mediate each other, sensemaking can start at either form (Weick, 1995, p. 156). And through actions, beliefs are “altered to create a sensible explanation for the action or the outcome” (Weick, 1995, p. 168). Action process entails both commitment and manipulation. **Table 56** clarifies the difference between commitment and manipulation cited from Weick (1995, p. 156-168).

**Table 56 Difference between commitment and manipulation summarized from Weick (1995, p. 156-168)**

<b>Commitment</b>	<b>Manipulation</b>
action for which a person is responsible	action that has made a visible change in the world that requires an explanation
Focus on the action	Focus on the meaningful consequences of the action
is focused on a single action	Focuses on multiple simultaneous actions
Places great emphasis on explanation and cognition to create sense	Places greater emphasis on actual change in the environment
harder to produce because it is focused on a specific situation in the organization	a more robust sensemaking form or procedure
Is about cunning	Is about boldness
Commitment is an organizational activity that highlights the importance of action ... and has motivational consequences	Sensemaking by means of manipulation involves acting in ways that create an environment that people can then comprehend and manage. An example of that "daylight savings time coalition". . Is about making things happen, so that a person can then pounce on these created things and try to explain them as a way to get a better sense of what is happening. It operationalizes.
Makes sense by focusing on the questions 'why did the action occur?'	Makes sense by focusing on the questions 'what did occur?'

The SDCI process has highlighted that the executives demonstrated a lot of commitment for their SD's by being so confident and firm about their importance and the need to execute them. They then went ahead and did the actual implementation or execution or manipulation. This parallels with the previous note in the paper when it was differentiated between action [commitment] and creation action [manipulation]. The commitment seems to parallel the cognitive, informal state of the SD. Manipulation seems to parallel the actual implementation and execution that starts with the formalization and time loop to the end of the process. Weick (1995, p. 132) described sensemaking as an enlargement [amplifier] of cues that fit cues together to make sense. **Figure 87** depicts the amplification device in connection to the sensemaking processes. The feedbacks labelled with "Draw further" enlarge or amplify the cues.



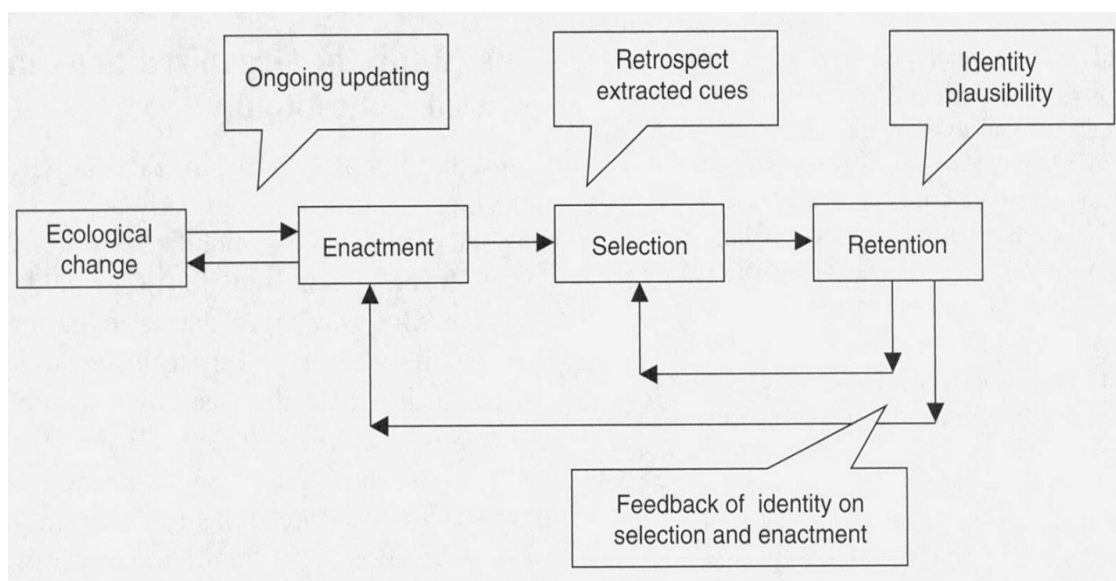
**Figure 87 amplification in connection to the sensemaking processes as summarized from literature (Weick, 1995; Weick et al, 2005)**

In a relatively recent article, Weick et al (2005) aimed to enhance and strengthen the perspective sensemaking through restating sensemaking “in ways that make it more future oriented, more action oriented, more macro, more closely tied to organizing, meshed more boldly with identity, more visible, more behaviorally defined, less sedentary and backward looking, more infused with emotions and with issues of sense giving and persuasion”. The positive side about these remarks is they can be considered as a self, critical assessment of the sensemaking perspective.

Weick et al (2005) discussed the nature of sensemaking as viewed *descriptively* and defines the nature of sensemaking by arguing that is organizes flux, starts with noticing and bracketing, is retrospective, is about presumptions, is social and systemic, is about action, is about organizing through communication. All these aspects have already been covered in the above discussions about sensemaking definitions, properties, substance or content and, processes.



An interesting and notable part that Weick et al (2005) addressed was the discussion about viewing organized sensemaking *conceptually* and treating it as “reciprocal exchanges between actors (Enactment) and their environments (Ecological Change) that are made meaningful (Selection) and preserved (Retention)”. The authors argued that sensemaking activities fit neatly into the organizing concept that consists of the sequence of the change (C), enactment (E), selection (S), and retention (R) processes. These are called ESR sequence. Sensemaking properties are also reflected in the conceptual model. See **Figure 88**.



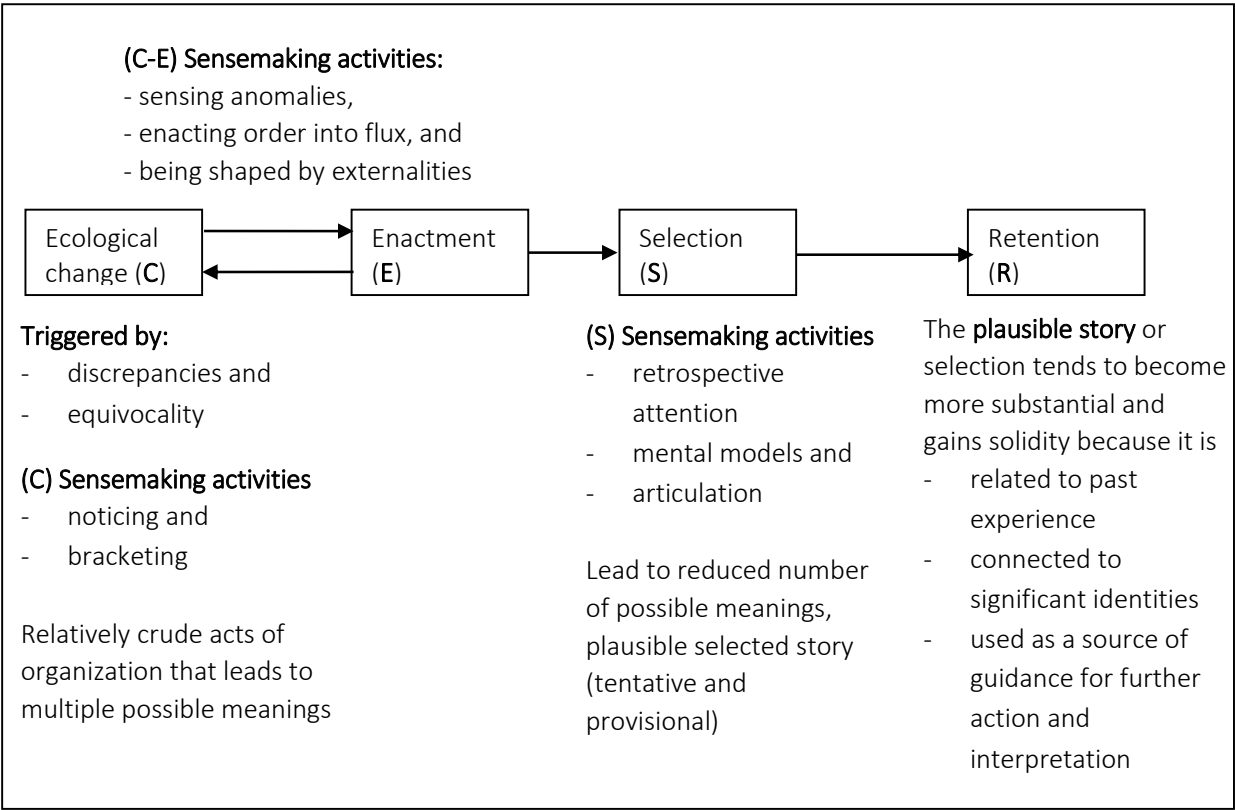
**Figure 88 the relationship among enactment, organizing, and sensemaking.**  
**Source (Weick et al, 2005)**

The feedback links indicate that only by the use of “previous knowledge are systems able to both benefit from lessons learned and to update either their actions or meanings in ways that adapt to changes in the system and its context” Weick et al (2005). The above model in **Figure 88** is named by Weick et al (2005) as the “enactment theory”. The authors regarded this ESR sequence as the “foundation of organizing and sensemaking.”

The C process incorporates the following sensemaking activities, which are triggered by discrepancies and equivocality of noticing and bracketing. These

activities are relatively crude acts of organization and leads to multiple possible meanings (Weick et al, 2005). The reciprocal relationship between C-E includes the sensemaking activities: sensing anomalies, enacting order into flux, and being shaped by externalities (Weick et al, 2005). Sensemaking activities in the selection process include retrospective attention, mental models, and articulation. These activities lead to a reduced number of possible meanings or a plausible selected story, though tentative and provisional (Weick et al, 2005).

The plausible story or selection tends to become more substantial and gains solidity because it is “related to past experience, connected to significant identities, and used as a source of guidance for further action and interpretation” (Weick et al, 2005). **Figure 89** builds on **Figure 88** to summarize the above points, which illustrate Weick’s (1969, p.p. 40-42) argument that “people organize to make sense of equivocal inputs and enact this sense back into the world to make that world more orderly” (Weick et al, 2005).



**Figure 89 A summary of sensemaking activities – adapted from Weick et al, 2005)**

The point about sensemaking and power is interesting because it criticizes sensemaking discussions that assume that “meaning survive as a result of voting” (Weick, 1995, p. 6) ... weighed equally or not. Weick et al 2005 paper enhances sensemaking and accounts for power and its influence.

In the SDCI process, I believe there is a room for such influence from old timers and high rank employees who might have influenced or dominated the SD’s conversations despite the final, collective SD’s that were being made and committed to. So, like any theory, sensemaking is not immune from criticism, even from its own creator or pioneer as noted above.

Other critics (Miles, 2012, as reported in Schwandt, 2005; Maitlis & Snenshein, 2010; Rudolph, Morrison, & Carrol, 2009) of sensemaking, for example, argued that people “merely create meaning that they want regardless of the environment, and then act and believe as if the world were like that all along... [so, they] attend only to the events and cues that reinforce the outcomes premeditatedly created.”

Regarding the above criticism, in reality where complex social settings exist, absolute neutrality can be unattainable ideal objective. Biases do exist and can appear in various forms such as exercising power, authority, politics, bargaining with internal and external parties, or personal merits. Actually as noted above, Weick et al (2005) have already accommodated for such scenario. Future studies can focus more on the role that these factors can play in creating and implementing their decisions.

Also, critics (Miles, 2012) contend that “sensemaking is not about reality, but only plausible or sensible meaning that may be far from reality ... managers might be better off if they focused on reality rather than on possible , probable, plausible meaning of events“.

Again, in reality as far as SDCI process is concerned, the executives did not entertain plausible meanings of events as such. Meanings were vivid and

accurate. Plausibility was in the solutions or selections or routes they opted to take based on the best information that was available to them. If they acted based on just plausible meanings without confidence, that act would be a very risky behaviour that successful executives or firms won't do.

Miles (2012) also reported that "the theory ignores learning processes. The theory posits that managers act, then make sense, then act.... sensemaking stresses action before thinking. "

Critics also argue that managers need to act, then make sense, then critically reflect, then make sense, then act and that managers need to update their thinking with the current information. I believe there is some misunderstanding of sensemaking in the above account. This could have been true if the process is strictly linear as it appears at the surface of the perspective or process. In theory as it has been reviewed and in reality, sensemaking actually has is no real 'first' or 'last'. It is highly iterative.

For example, when the executives acted, they had already knowledge and information. Action did not come from vacuum. They have been watching and observing, and holding meetings and conversations. Action stemmed out of experience. They accumulated knowledge and moved forward to make further actions and decisions, at both strategic and operational levels.

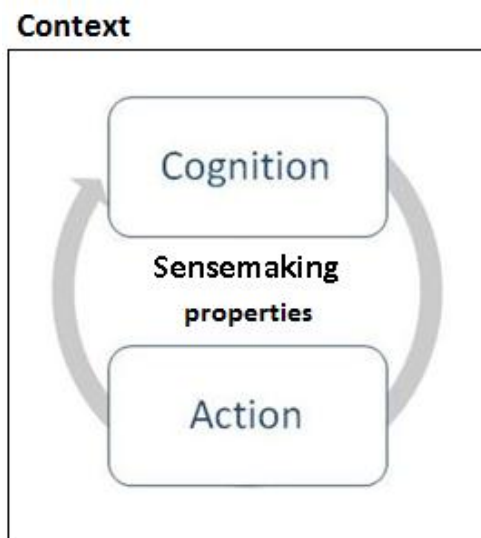
Finally, Critics (Miles, 2012) contended that "the theory is always retrospective and never forward thinking", noting that people just react to change. Sensemaking is retrospective, which is one of its seven properties. To be fair, this 'backward' thinking without consideration to the future is inaccurate. Retrospective simply means ponder at and reflect on the past when you want to make sense of the current situation before making future actions or decisions as experience is an invaluable resource for organizations and managers. Sensemaking does not prevent people from looking forward if the past lived experiences are considered.

## 5.4 Mapping the SDCI process to sensemaking

The above discussions have already implanted a lot of notes and comments that related the SDCI process to sensemaking or explained the SDCI process through the lens of sensemaking. The executives were actually engaged in sensemaking activities that helped and enabled them to understand the creation and implementation of their SD's. This section discusses and explains the process systematically using tables and figures.

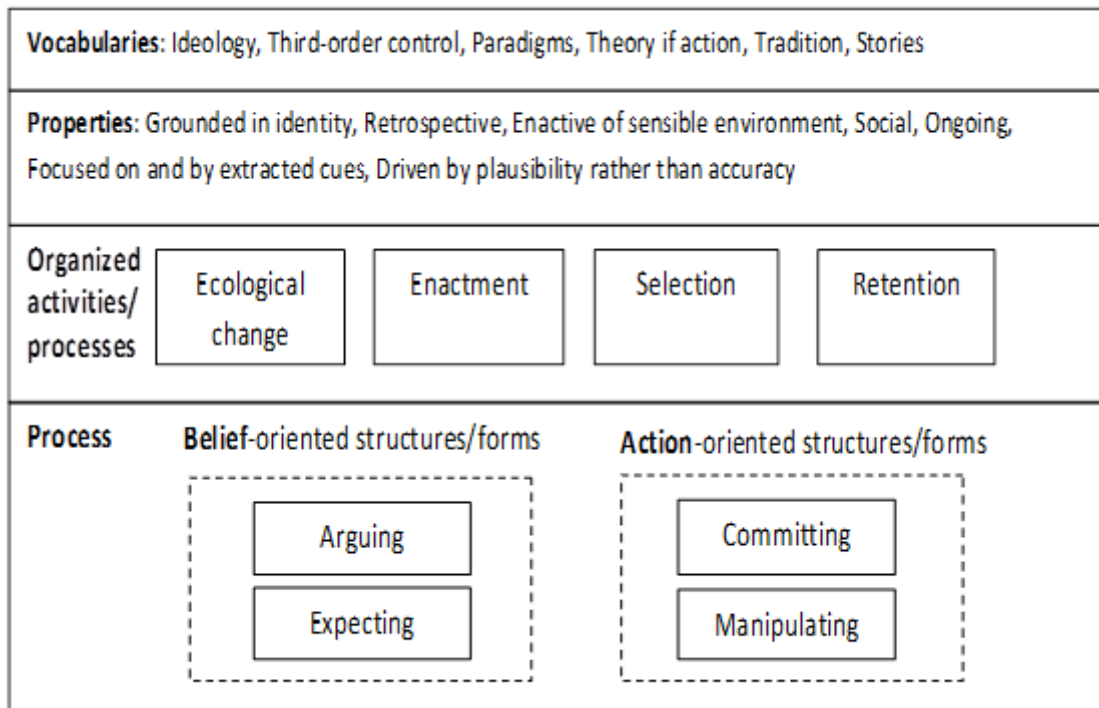
Form the above discussions, sensemaking can be generally looked at as depicted in **Figure 90** as cognition and actions are interrelated and iterative.

This high level framework can be operationalized into the following sensemaking processes, activities, and properties. See **Figure 91**.



**Figure 90 a general representation of sensemaking**

## Context



**Figure 91 A detailed representation of sensemaking as summarized from literature (Weick, 1995; Weicket al, 205).**

**Table 57** defines sensemaking processes of ecological change, enacting, selection, and retention.

**Table 57 Organized sensemaking process and activities summarized from Weick et al (2005)**

Sensemaking element	Description
Ecological change	Environment related through the following sensemaking activities:  -noticing and -bracketing and comparing -comparing
Enacting	Reciprocal exchanges between actors though the following sensemaking activities:  - sensing anomalies, - enacting order into flux, and - being shaped by externalities

Selection	<p>Change made meaningful and reduced number of possible meanings (plausible selected story, tentative and provisional) through the following sensemaking activities:</p> <ul style="list-style-type: none"> <li>-retrospective attention</li> <li>-mental models and</li> <li>-articulation</li> </ul>
Retention	<p>Preserved</p> <p>The plausible selection tends to become more substantial and gains solidity because it is related to past experience, connected to significant identities, and used as a source of guidance for further action and interpretation</p>

**Table 58** below defines sensemaking cognitive- and action-oriented activities.

**Table 58 Sensemaking cognitive- and action-oriented process and activities as summarized from Weick (1995, pp. 155-168)**

Sensemaking element	Description
Arguing- Cognitive	<p>A process by which people take risk to reason their way through a perceived rational from one idea or belief to the choice of another idea or belief (Weick, 1995, pp. 135-136).</p> <p>Most arguments take place in meetings, serve to coordinate and meld differences (Huff, 1988, p. 87)</p>
Expecting- Cognitive	<p>A predicted state of the models stored in the nervous system of the world</p> <p>Expectations filter input ... raise a host of issues concerning accuracy, and error, and the limits of social construction</p> <p>Test for and flesh out additional implications of the cue. These additional implications are tested against new cues. If the expectations are accurate enough (satisfying), people gain confidence in their situational assessment (Weick, 1995, p. 145-146)</p>
Commitment- Action (Passive or invisible)	<p>An organizational activity that highlights the importance of action ... and</p> <p>Has motivational consequences (Weick, 1995, p. 56-68)</p>
Manipulation-	Acting in ways that create an environment that people

Action (Creation)	<p>can then comprehend and manage</p> <p>Is about making things happen, so that a person can then pounce on these created things and try to explain them as a way to get a better sense of what is happening</p> <p>It operationalizes (Weick, 1995, p. 56-68 )</p>
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**Figure 92** and **Figure 93** depicts a comprehensive view of sensemaking and the SDCl process, put side by side under two large sections: cognitive and action.

Sensemaking is a complex, cognition oriented organizational perspective. Therefore, a single representation can be a hard goal to attain. The order or arrangement of sensemaking components shown in the figure is not to be taken as a perfect representation.

As noted above, sensemaking is loaded with themes and constructs that are related and intertwined. For example, enactive sensible environment can be aligned not only with cognition but with action as enacting and reitification also mean perceiving the environment and creating a new order or sensible reality. Also, retention conceptual process can be extended to action area as it guides further action. Furthermore, manipulation process can be aligned with enactment that also creates new reality.

The SDCl process and sensemaking perspective are put side by side in order to uncover any need to do any changes in the process.

The as-is SDCl process that was introduced in P2 aligns in an astonishing manner with the sensemaking perspective. Nevertheless, some sensemaking terminology such as cues, stimuli, interactions, motivation, solidity, faith, frame and schema, utterance, plausible, satisfice, and creation action are injected into the process in order to clarify similar terms that were used when the process was introduced in P2. For example, satisfice and good enough; solidity and driving force; interactions and conversations are used.



Also, some SDCI parts are elaborated such as selection, retention, and commitment were reflected in the SDCI process that touched on them. For example, it was described that the executives have a driving force to execute the SD's. The sensemaking term 'commitment' is added as an activity to the process to emphasize it.

Also, the SDCI step 'qualify opportunity' is elaborated with the sensemaking activity of 'selection'. Moreover, the terms: justify, confirm, enlarge, alter, start or stoop, abandon or postpone, trial-and-error, adjustments, fit between firm and environment are also added to the feedback and iterative links between action and cognition.

All these changes are underlined in **Figure 92** and **Figure 93** and **Table 59**. These results add additional confidence to our understanding of how the executives have truly been doing 'sensemaking' of their SD's though the SDCI process.

Cognition						Action	
Vocabularies of sensemaking based on Weick et al (1995, pp. 106-132)							
<b>Ideology</b> Alternatives Judgment	<b>Third-order control</b> shared values, beliefs, norms	<b>Paradigms</b> Standards systems power Conceive, Perceive	<b>Theory of action</b> Map the territory for action	<b>Tradition</b> Images Know-how Symbolic encodings Lessons learned	<b>Stories</b> Remarkable <b>experience</b>	Ongoing action	
Sensemaking properties based on Weick (1995, pp. 17-61)							
<b>Ongoing</b> <ul style="list-style-type: none"><li>• <b>Stimuli</b>,</li><li>• <b>Emotion</b>,</li><li>• Attention</li></ul>	<b>Social</b> <ul style="list-style-type: none"><li>• Language, social <b>interactions</b></li><li>• <b>contingent on others</b></li></ul>	<b>Enactive sensible environment</b> <ul style="list-style-type: none"><li>• Stimuli</li><li>• Tangible</li><li>• Material</li></ul>	<b>Retrospective</b> <ul style="list-style-type: none"><li>• meaningful lived experience, <b>memory</b></li><li>• <b>Context</b></li></ul>	<b>Extracted cues</b> <ul style="list-style-type: none"><li>• <b>contexts</b>, or 'local contingencies'</li><li>• Noticing</li></ul>	<b>Identity</b> <ul style="list-style-type: none"><li>• identity-Socially situated</li><li>• <b>Interactions</b></li><li>• <b>Interpretation</b></li></ul>	<b>Plausibility</b> <ul style="list-style-type: none"><li>• Good enough</li><li>• reasonableness</li></ul> Ongoing action	
Conceptual organized sensemaking processes and activities based on Weick et al (2005)							
<b>Ecological Change</b> <ul style="list-style-type: none"><li>- Noticing <b>cues (current)</b></li><li>- Bracketing</li><li>- Comparing</li></ul>	<b>Enacting</b> <ul style="list-style-type: none"><li>- Sensing anomalies,</li><li>- Enacting order into flux,</li><li>- Being shaped by externalities</li></ul>	<b>Selection</b> <ul style="list-style-type: none"><li>- Retrospective attention</li><li>- <b>Mental models, frame, schema (past)/theory of action</b></li><li>- Articulation</li></ul>		<b>Retention</b> <ul style="list-style-type: none"><li>• The plausible selection become more substantial</li><li>• Gains <b>solidity, Faith</b></li><li>• Guidance for further action</li></ul>		<b>Retention</b> <ul style="list-style-type: none"><li>• Feedbacks from the past and current to the future</li><li>• Start or stop action. Abandon or postpone action</li></ul>	
Sensemaking process based on Weick (1995, p. 133-162)							
Cognition				Action			
<b>Arguing</b> <ul style="list-style-type: none"><li>• Reason</li><li>• Perceived rational Choice</li><li>• Meeting</li><li>• meld differences</li></ul>		<b>Expecting</b> <ul style="list-style-type: none"><li>• Raise issues</li><li>• Test</li><li>• <b>Satisfice</b></li><li>• Confidence</li></ul>		<b>Committing</b> (Passive action) <ul style="list-style-type: none"><li>• Importance of action</li><li>• <b>Motivational</b></li></ul>	<b>Manipulating</b> (Creation action) <ul style="list-style-type: none"><li>• Making things happen</li><li>• Operationalizes</li></ul>		

Build through trial-and-error and adjustments and improvements to fit between firm and environment

Figure 92 A comprehensive view of sensemaking and the SDCI process – cognitive and action areas

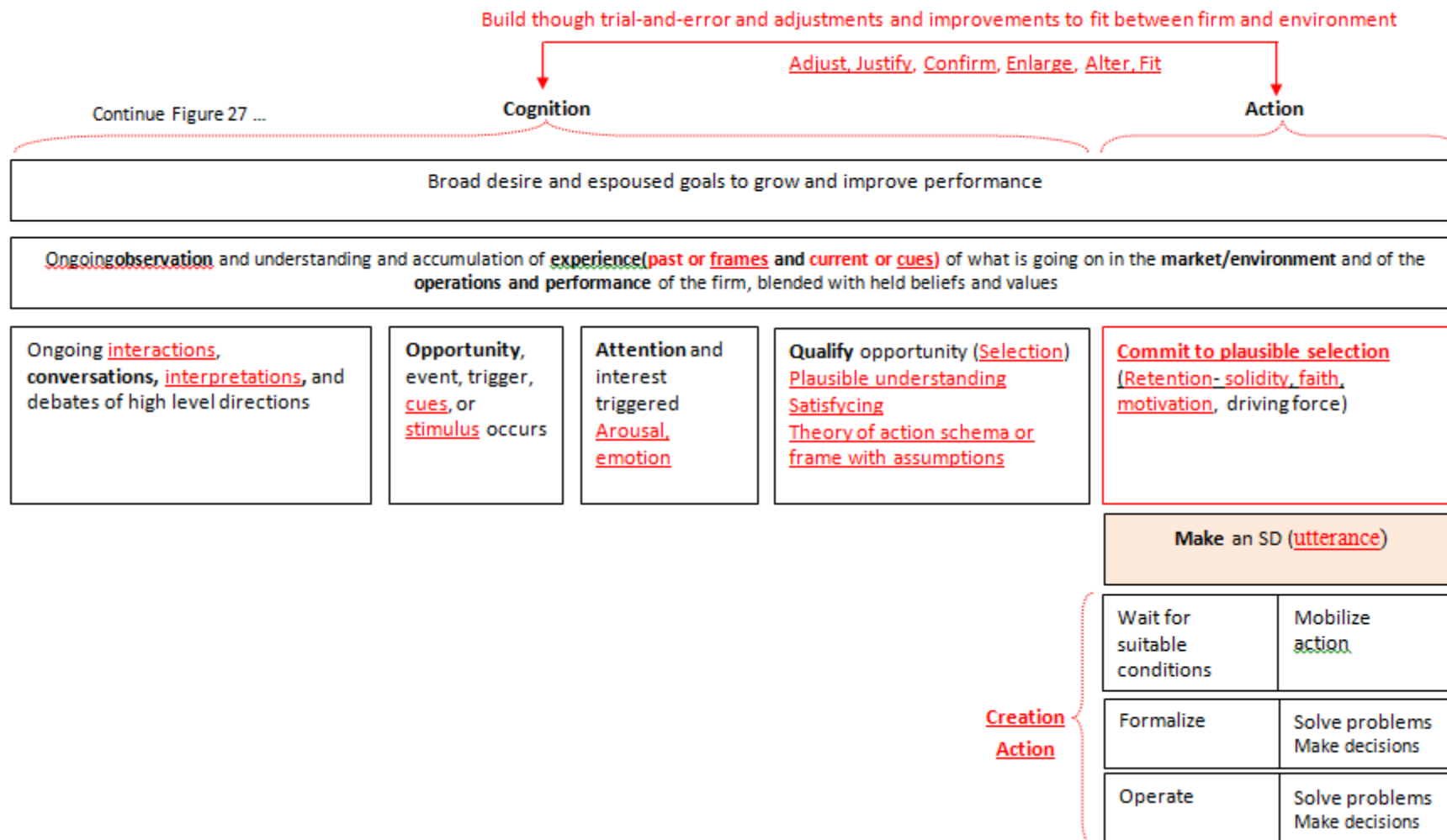


Figure 93 A comprehensive view of sensemaking and the SDCl process – cognitive and action areas

**Table 59** explains the SDCI process through sensemaking as a lens. Alterations to the SDCI process and the relative sensemaking aspects are underlined for easier and convenience of following up with analysis.

**Table 59 SDCI process as explained by sensemaking perspective**

SDCI	Description	Sensemaking
Ongoing observation and understanding and accumulation of experience ( <u>past or frames</u> and <u>current or cues</u> ) of what is going on in the market/environment and of the operations and performance of the firm, blended with held beliefs and values	Observation and understanding and accumulation of experience of what is going on in the market/environment and of the operations and performance of the firm. The marketplace is continuously scanned and the firm's performance is continuously monitored	<p>It is <u>ongoing</u>, a sensemaking property, because it is a <u>continuous</u> flow of <u>moments</u> and <u>events</u>.</p> <p>The executives operate in a very fast <u>changing</u> and <u>continuous</u> intense competition that increases uncertainty and unpredictability. So, the executives need to <u>notice</u> and keep searching for current or new <u>cues</u> to help them <u>understand</u> and <u>make sense</u> of the <u>situation</u> or what is happening internally and externally.</p>
Ongoing <u>interactions</u> , conversations, <u>interpretations</u> , and debates of high level directions	<p>Continuous and up to date, informed conversations and debates about high level directions set that guided a search for ways to respond. These conversations are blended with held beliefs and values and accumulated experiences. General directions include what to do and how to do it</p> <p>Even though the environment and cues were interpreted in a certain way through the eyes of the senior executives of on firm, there was a continuous conversation about the meaning and understanding of</p>	<p>It is <u>ongoing</u>, a sensemaking property, because it is a requirement to keep abreast with current and new moments and events and maintain real time information and <u>understanding</u>. The executives <u>meet</u> and <u>interact</u> and discuss information, and issues. They try to <u>meld differences</u> and reach into a <u>collective understanding</u>. They use <u>memory</u> and <u>experience</u> and <u>values</u> and <u>beliefs</u> or past <u>frame</u> of mind to discuss and <u>understand</u> and <u>reason</u> about new developments. They <u>share</u> and articulate information and understanding. They <u>Interpret</u> information and reach a <u>satisficing</u> meaning. They</p>

	the related events. There was no ambiguity or unclear meaning for the SD's. There was no room to misinterpret their meaning.	<u>argue</u> for and <u>enact</u> a meaning
Opportunity, event, trigger, <u>cues</u> , or <u>stimulus</u> occurs	An opportunity or event that triggers thought and action. Opportunities can be along the same lines of the general direction or similar directions or giving rise to new directions. . Little luck might help	The new <u>signal</u> or <u>cue</u> or <u>event</u> or <u>stimulus</u> that gets into the executive's was while they are observing and interacting. It <u>triggers thought</u> and <u>action</u> . They <u>select</u> a choice for meaning and <u>expect</u> a consequence for it.
Attention and interest triggered <u>Arousal, emotion</u>	Up to date market information captures the attention of the executives and top management and becomes a key subject matter in meetings and discussions. It becomes interesting and start getting more information about it	The executives do pay <u>attention</u> to what matters that captures their interest. <u>Arousal</u> triggers <u>emotions</u> behavior which develops to pay more attention.
Qualify opportunity ( <u>Selection</u> ) <u>Plausible understanding</u> <u>Satisfying</u> <u>Theory of action schema or frame with assumptions</u>	New information is processed and analyzed largely mentally and judgmentally, supported with preliminary financial or feasibility analysis or due diligence as needed. The new idea becomes more and more convincing.	The executives <u>test choices</u> and alternatives. They use past <u>experience</u> and memory and employ a <u>theory of action</u> or a <u>frame</u> or a <u>schema</u> with assumptions to articulate a <u>shared</u> or <u>plausible</u> or <u>satisfying selection</u> . Despite the due diligence done, <u>accuracy</u> is not always attained and issues can still arise. <u>Learning</u> from past mistakes and <u>experience</u> can reduce future mistakes and issues. Power can be one possible factor.
<u>Commit to plausible selection</u> (Retention- <u>solidity, faith, motivation, driving force</u> )	Internal force is generated to drive them to adopt the choice and make a decision and follow it up and follow though its implementation. This is added as a step to the process for its importance rather than keeping it as a note (driving force) in the description	The choice is confirmed and gains <u>solidity</u> and <u>retention</u> as the executives build more <u>confidence</u> and <u>faith</u> in what they understand and need to act. <u>Commitment</u> and <u>motivation</u> builds up to make the decision and realize it.

Make an SD ( <u>utterance</u> )	The SD is informed by all the ongoing strategic thinking and arising opportunities, giving it a driving force to succeed in its implementation. This driving force minimizes uncertainty and enhances the chances of success. It is still largely verbal or mental at this stage	Here, executives finally <u>utter</u> and make the decision.
Mobilize action <u>Creation Action</u>	Executives and top management demonstrate dedication to turn the decision into reality by mobilizing for action. This includes determining the key players who will take the first practical actions and the main resources that will be needed to proceed. This also includes determining a timeframe for implementation	<u>Creation action</u> starts. Executives <u>interact</u> with others and give directives for the involved people to <u>make things happen</u> . They start to <u>operationalize</u> the SD.
Suitable conditions <u>Creation Action</u>	Taking actual and practical action requires the right circumstances such as level of required investment virus risk. Cost and benefits are weighed	The executive do not rush to <u>action</u> . They <u>think</u> and look for the <u>right time</u> and circumstances and <u>situation</u> to take real or <u>creation action</u> . They decide when to <u>start or stop</u> the action or when to <u>abandon or postpone</u> an action
Formalize <u>Creation Action</u>	At this stage, related resources will engage in activities related to turning the verbal decision into formal and documented one. This includes preparing and concluding contracts, agreements, partnerships, business models, and formal structure and job assignment	The executives use <u>language</u> and <u>words</u> and other <u>symbolic</u> artifacts such as papers, records, contracts to act a <u>resource of sensemaking</u> and maintain a <u>shared meaning</u> in the <u>context</u> in which the SD was made and will be implemented.
Operate <u>Creation Action</u>	At this stage, the formalized SD is put into production by operating all the related business aspects such as production planning, logistics, procurement, sales and marketing, human resources, management, and	The executives and firms engage in real life <u>experiences</u> as they <u>operationalize</u> the SD'. They use a common everyday language. They <u>interact</u> and <u>communicate</u> . They <u>build experience and confidence in</u>

	leadership. Some luck might help	<u>what they do though trial-and-error and adjustments and improvements to fit between firm and environment</u>
<p>Solve problems and make decisions</p> <p>All the feedback</p> <p><u>Creation Action</u></p>	<p>Virtually all SD's face problems and issues during various stages of implementation. Some of the problems are surmountable and the SD's start to give positive results and some SD's stay in a loop longer time, and some SD's exit the loop and end.</p> <p>Despite of the fact that the executives had strong confidence in the SD's, they were accepting the fact that problems can arise and that they should deal with them. The SD's were made to the best of the available information and knowledge about the internal and external environment. They were open to learn throughout the execution and fix the problems as they go. They do not regret the decision because they believe that they have taken the measures to create them.</p>	<p>Decisions and <u>actions</u> are based on what is <u>conceived</u> as <u>plausible</u>, rather than <u>accurate</u>. Actions are taken and are expected to have issues and problems. So, performance and <u>experience is built though trial-and-error and adjustments and improvements to fit between firm and environment.</u></p> <p>All the feedbacks and results: <u>Adjust, Justify, Confirm, Enlarge, Alter, Fit</u></p> <p>Despite of the problems, they do not regret making the decisions because they believe that they have taken the necessary '<u>right and plausible</u>' measures and have <u>faith</u> charged with driving <u>emotions</u> to try to make it.</p> <p>Information is in abundance and senses are limited and <u>rationality is bounded</u>. Therefore, arguments and decisions follow plausibility and expect facing problems and issues during the operations stages.</p>

**Figure 94** depicts the as-is SDCI process. **Figure 95** depicts the altered or to-be SDCI process. The alterations are underlined for easier reference. This comparison demonstrates a striking and astonishing alignment between the SDCI process and teachings of sensemaking perspective. The next section provides a conclusion and shed some light on the limitations and future directions.

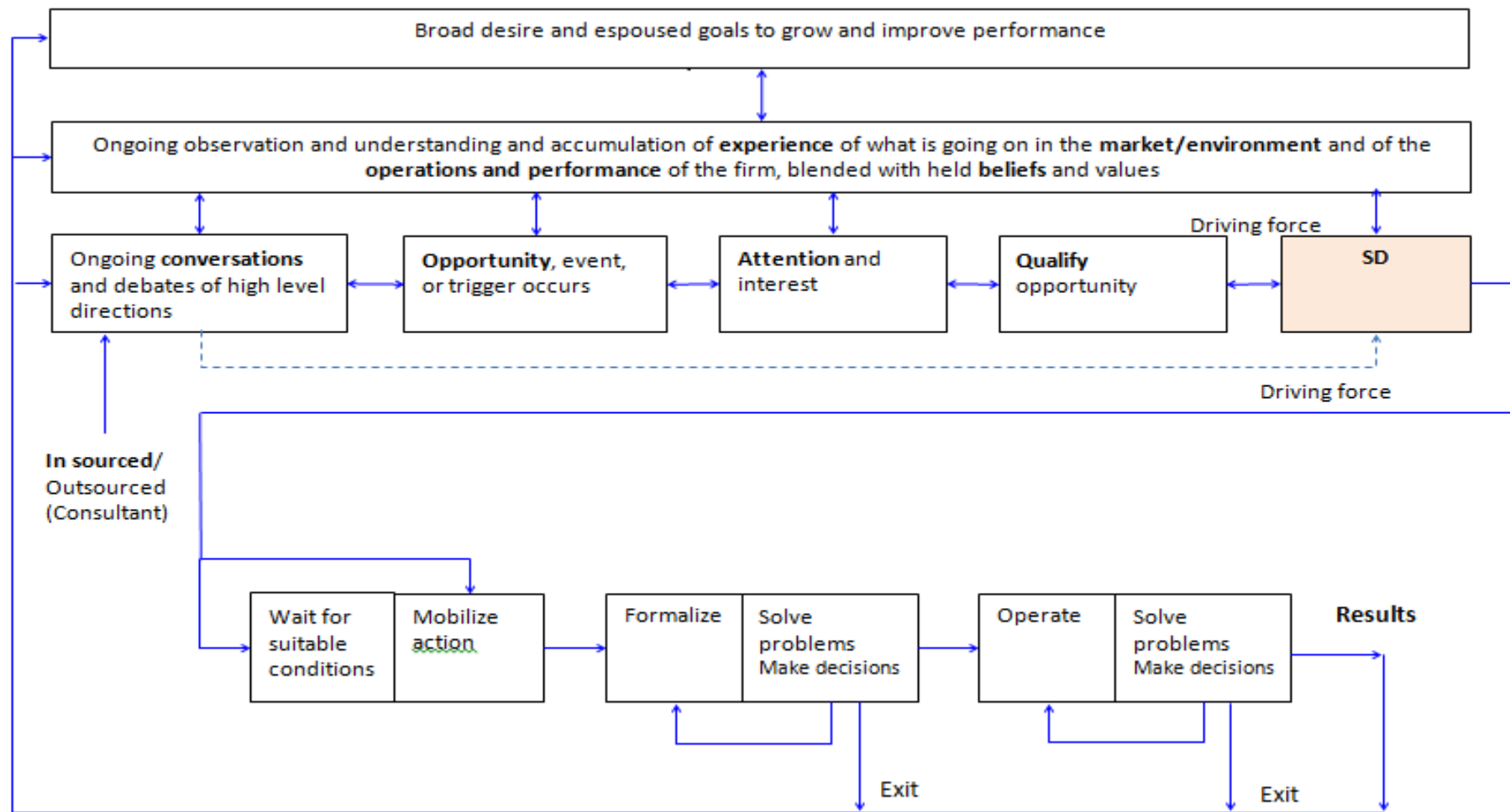


Figure 94 The original As-Is SDCI process



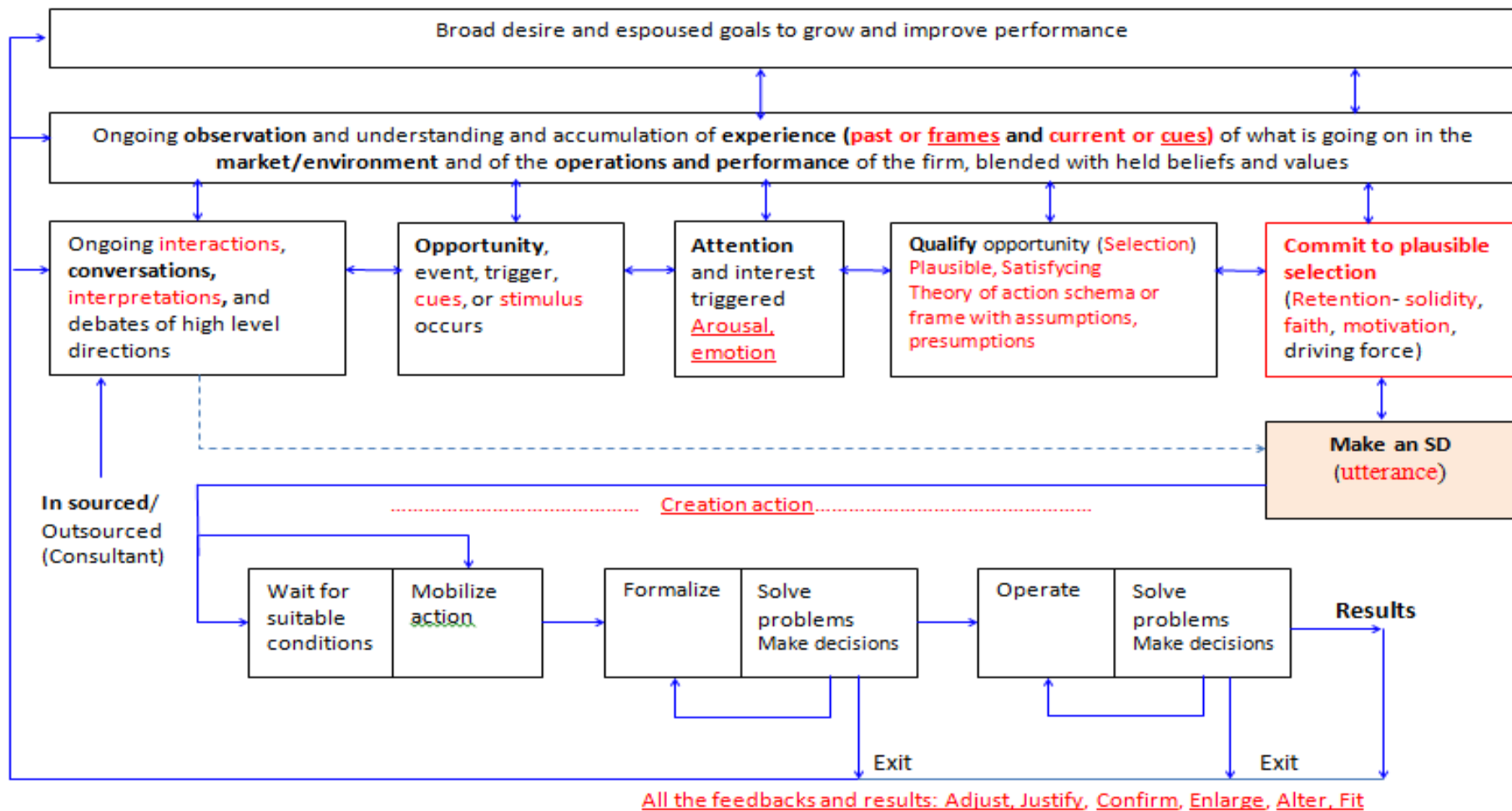


Figure 95 Altered SDCI process in light of sensemaking perspective

## **5.5 Conclusions, limitations, and looking forward**

It was found here in P3 that the SDCI process has features that stem from managerial and organizational cognition (MOC) that fits better into the social school of thought.

Also, it was also found in P2 that the SDCI process spanned and linked SD creation to implementation in a relatively comprehensive way and added additional insights into our understanding and sense of how SD's are made and implemented in practice. Sensemaking was exploded and used as a lens to explain the SDCI process and give it some explanatory power.

P3 was planned to accomplish four objectives: explore sensemaking, use it as a lens to explain the SDCI process, reflect any changes on the process if any, and apply the updated SDCI process empirically on some additional firms. This paper reported on the accomplishment of all these objectives, which showed the striking relationship between the SDCI process and sensemaking and provided some empirical evidence on the use and benefit of the process to the executives or firm.

The developed SDCI process is arguably unique from the perspective of proposing a comprehensive, end-to-end process that linked and connected creation to implementation. Additionally, sensemaking did explain to a good extent the behaviours of the executives in the process, both the cognitive and action parts.

As noted above, when the SDCI process and sensemaking perspective were put side by side in order to uncover any need to do any changes in the process, the relationship and alignment was astonishing. Nevertheless, some sensemaking terminology (cues, stimuli, interactions, motivation, solidity, faith, frame and schema, utterance, plausible and satisfice, creation action) and elaboration or rearrangement (selection, retention, and commitment) were reflected in the SDCI process. While such especial terms were kept in the process and its description to enhance the literature, they were reduced or removed from the process questions or check list for simplicity purposes.

This result of the study and the SDCI process indeed added confidence to our understanding how the executives have been doing 'sensemaking' of their SD's.

Limitations wise, the data that were collected in this study did not focus on the use of language and power in creating and implementing strategic decisions as it did to comprehend the nature of the holistic process. Also, the data did not support investigating the role of context and contingency. Future related studies can shed more light on these topics and roles.

As a future direction, the process can serve as a research agenda and opens the door to explore some in depth studies related to each process element. For example, explore 'observation' and 'conversation' elements in greater details.

Finally, the results were published in the proceedings of PMA 2014 conference. See **Appendix Q** for the abstract of the published article.

The next objective is to apply the process in practice and develop a tool to diagnose the quality the SD's was. This is covered next in P3 part 2 (p3.2) in **Chapter 6**.

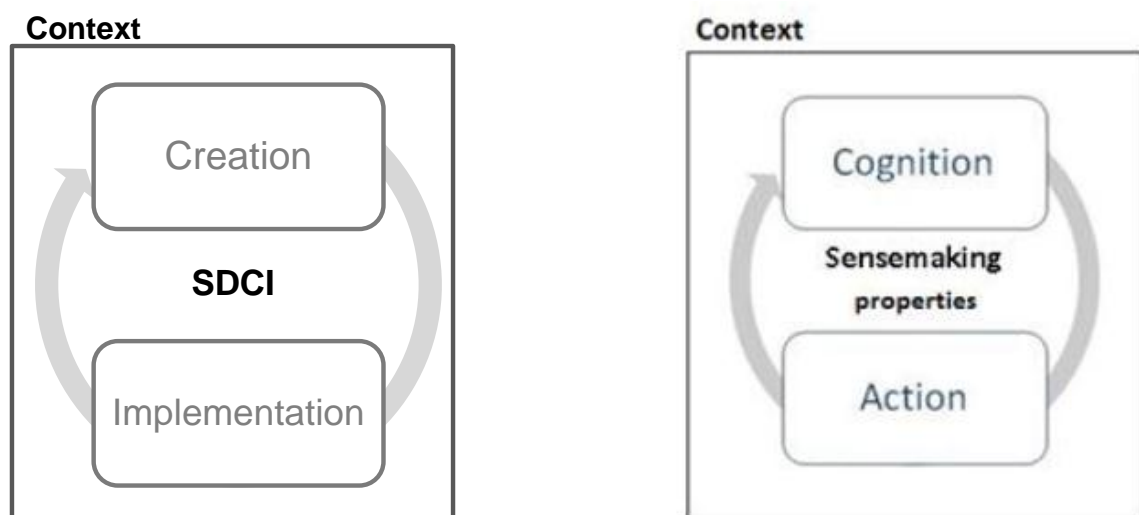
## 6 CHAPTER 6 - PROJECT 3 PART 2 (P3.2)

### 6.1 Introduction

It was discussed in **Chapter 5** (P3.1) **section 5.2** that the proposed SDCI process has features that stem from managerial and organizational cognition (MOC) that fits better into the social school of thought. Also, the process is arguably unique from the perspective of proposing a comprehensive, end-to-end process that linked and connected creation to implementation. It added additional insights into our understanding and sense of how SD's are made and implemented in practice.

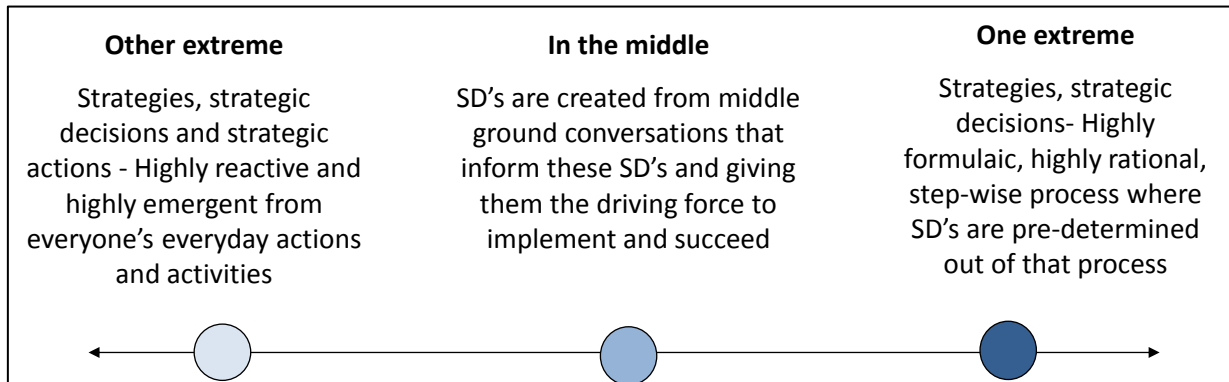
Furthermore, it was also found in P3.1 that sensemaking provided an explanation for the SDCI process.

**Figure 96** depicts a high level comparability between SDCI and sensemaking. This figure depicts a high level parallel between the cognition-action of the sensemaking perspective and creation-implementation of the SDCI process



**Figure 96** Seeing SDCI in the eyes or through the lens of sensemaking

It was also presented that the SDCI stands as a middle ground between two extremes: highly formal and highly reactive approaches as illustrated in **Figure 97**.



**Figure 97 Situating the findings in the SD literature**

In fact, deliberate–emergent and formulation–implementation dichotomies are usually used in strategic process literature and that the SDCI process is not completely any of these dichotomies. Rather, it is a process that sits in the middle. This is believed to add a new knowledge to our understanding of the nature of SDs. The SDCI process focuses on thinking-action rather than on the production of an artefact like a formal strategic plan.

The next step is to explore the understanding of the executives of the SDCI process and its potential use and benefit in practice through developing a diagnostic tool.

**Chapter 6** (P3.2) is designed to achieve these objectives. The next sections present the method and data, findings, discussions, and conclusions.

## 6.2 Method and Data

The objective is assess to what extent practitioners can understand the proposed SDCI process and see if they can make use of it. So the focus was on understanding the process. To address this inquiry, an interview protocol was designed as shown in **Appendix R**.

The interview questions that addressed the understanding questions or objective were: tell me about your understanding of the process (or how clear it is and easy to understand); how does it resonate with what you do? (or how similar or different it is from your practices?); and In what way or aspects or elements, if any, it might change the way you create and implement SD's? The second objective was to develop a diagnostic tool that can help the firms or executives improve their overall quality of the SD's. The findings of these objectives are presented in **sub-sections 6.3.1 and 6.3.2** respectively.

To explore the use of SDCI process in practice, the interviewees were asked to answer questions related to each process element. These questions represent a diagnostic tool consisting of a checklist of questions related to the elements of the SDCI process. The findings of this usability part are presented in **sub-section 6.3.2**.

After introducing and explaining the process, the executives were asked to answer these questions freely.

The interviewees were executives and senior decision makers from medium to large firms.

**Table 60** presents demographic information about the firms. The data reflect the level and experience of the executives, who have made, implemented, and experienced SDs in their firms. The feedbacks on the above questions were based on these experiences.

These 5 firms were different from the 9 original firms that were interviewed to analyse and develop the SDCI process. This made the formal total number of firms that participated to the study 14. The firms spanned various industrial and services sectors.

Personal and professional referrals were used to reach to the executives. That facilitated reaching firms that are well known and generally successful in the market.

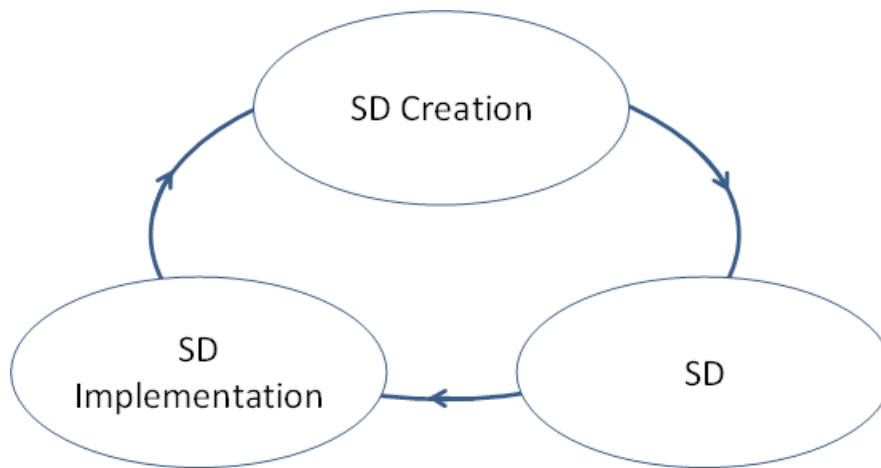
Also, I have discussed the results and the process with several other executives informally in order to extend the reach of the process to wider audience and sense their opinion about it. The feedbacks were encouraging and positive.

**Table 60 Demographic questions about the firms**

<b>Demographic information</b>	<b>Firm 1-Pilot 65 min</b>	<b>Firm 2 49 min</b>	<b>Firm 3 48 min</b>	<b>Firm 4 66 min</b>	<b>Firm 5 72 min</b>
Interview notes	manual	Taped	Taped	Taped	Taped
Nature of business and business sector	Chemical industry, manufacturing trading services	Safety and Fire services	Building material manufacturing	Oil & Gas Trading	Construction material industry manufacturing and trading
Type of company – proprietorship, private company, incorporated, JV,	Private company	Private company	JV	Private company	Private company
Size of company- employees, revenue, geographic presence	600 million, 500 employees, GCC, Middle East	600 million, 1200 Employees, GCC	200 million, 140 employees, GCC, Middle East	2 billion, 13,000 employees, KSA, partial GCC	2.7 billion 1,700 employees, KSA, some Middle East
Years since establishment	30 years	25 years	40 years	36 years	33 years
Position in your company- executive/top management, middle management	General Manager, 15 years	General Manager, 9 years	General Manager, 4.5 years	Sales & Marketing Business Development, 3 years	CEO, 20 years
Education- graduate of and from	Electrical Engineer, USA	Mechanical Engineer, Middle East	PhD Mechanical Engineering, UK	Mechanical Engineer, Middle Easts	Material Engineer, Middle East

An overview of the research and main points were presented. It was explained that SD's go through an iterative creation-implementation cycle as depicted in **Figure 98**.

It was explained also that each bubble in this figure is exploded into several process elements as shown in **Figure 99** to **Figure 101**.



**Figure 98 Iterative nature of the SDCI process**

In order to avoid any confusion of what the double arrows mean in **Figure 99**, it was explained to the executives that the above process was presented in that interconnected way just to make it easier for the practitioners to follow the process. The dual arrows denote web interconnections everywhere rather than linear causality.



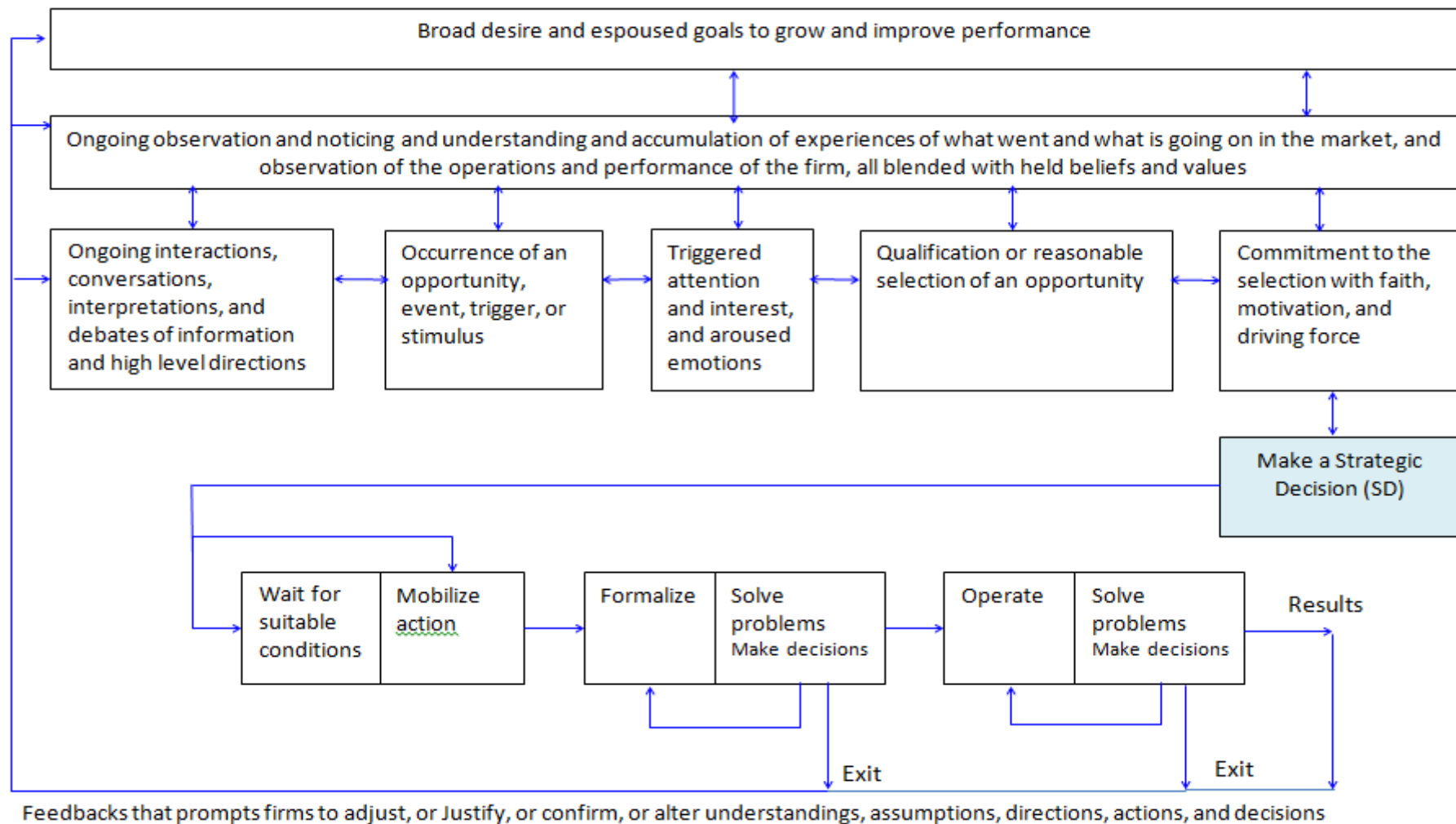
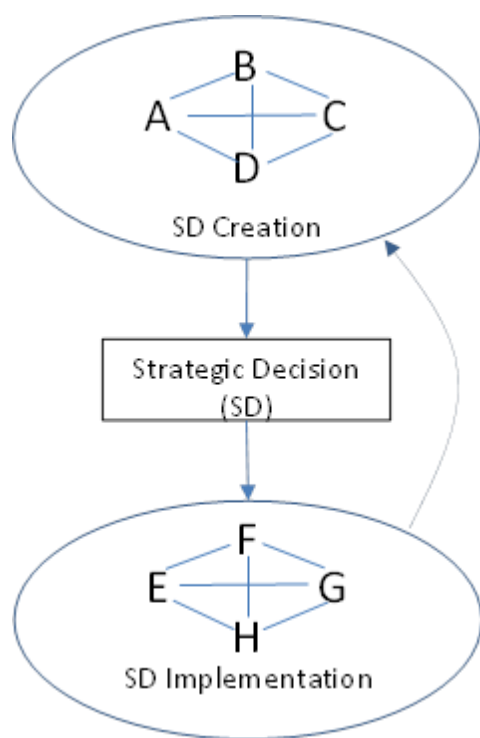


Figure 99 The original SDCI process that was explained to the executives

A more abstract representation of the process followed the illustration in **Figure 100**. This figure suggests that a host of elements or processes interact together in a non-linear fashion. Creation and implementation elements are intertwined and interleaved iteratively.



**Figure 100** An alternative high level view of the SDCI process

Following this high level representation, the original SDCI process was represented in an alternative fashion as depicted in **Figure 101**. This is a more realistic and academically appealing representation of the SDCI process as it eliminates complexity and depicts a true web-like, unordered set of elements. So it eliminates the any misunderstanding of linearity of the original SDCI process and emphasizes the true complexity of the SD phenomenon. The executives were shown several representations as depicted in **Appendix S**. The preferred choice was the one depicted in **Figure 101**.

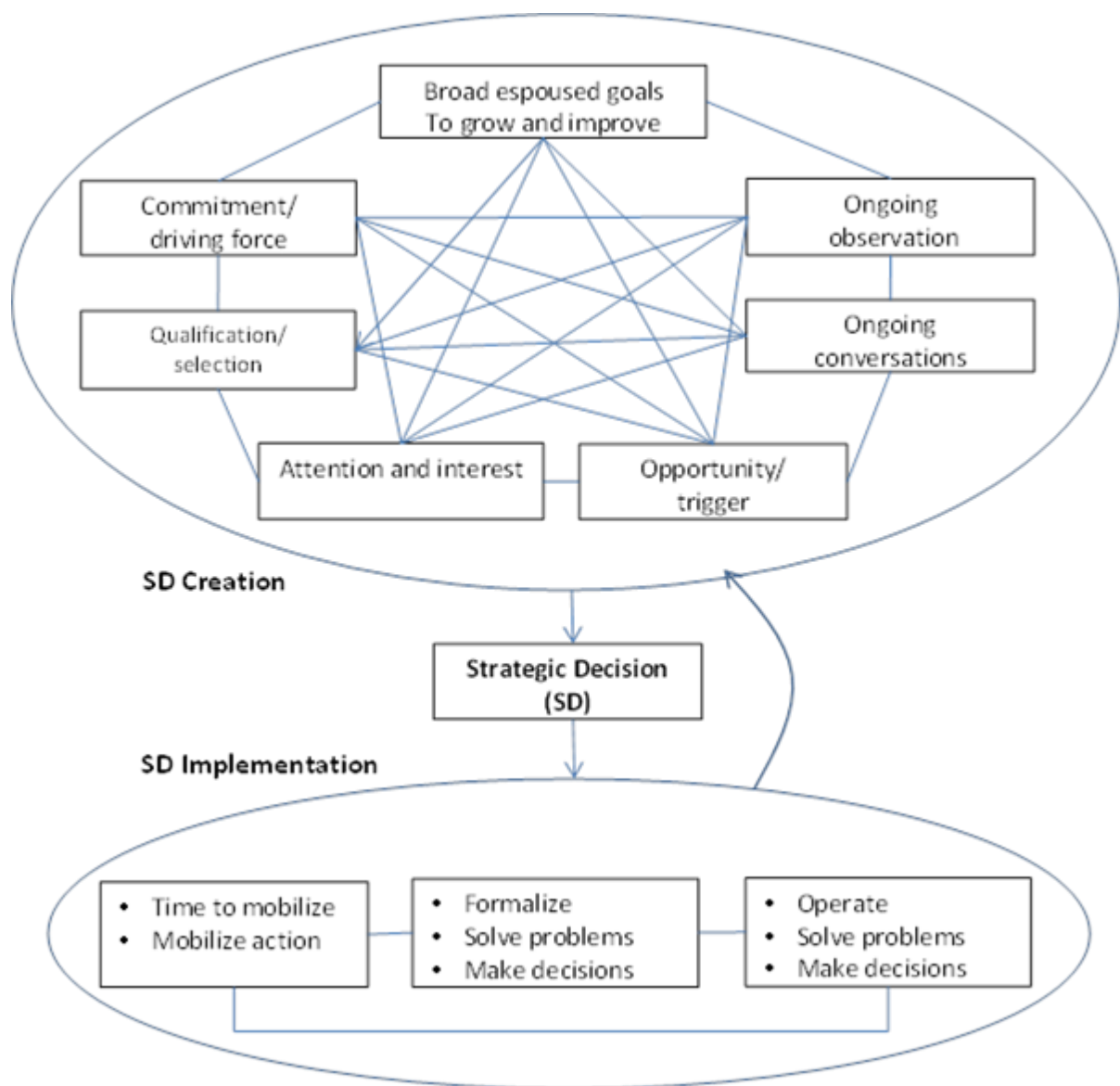


Figure 101 An alternative detailed level view of the SDCI process

## 6.3 Findings

### 6.3.1 Understanding the SDCl process

**Table 61** to **Table 65** lists the feedbacks of the executives on understanding the process. Each table lists the three interview questions, the corresponding response, and the main points that can be distilled from the answers.

These questions were asked after introducing the process and explaining it, which took around 20-30 minutes (except for the pilot firm which took around 45 minutes). The remaining time of the interviews was used in open discussions and answers to the process diagnostic tool consisting of a checklist of questions presented in the next **sub-section 6.3.2**.

**Table 61 Feedback of Firm 1 – Pilot on understanding of the process**

Question	Response	Key point
Tell me about your understanding of the process? Or How it is clear and easy to understand?	<p>“Easy. Suggest to simplify language-simpler and more specific questions” [like ‘cues’ and ‘meld differences’ to make sure everyone can understand it]</p> <p>5 in a scale of 1 to 5</p>	<p>Easy to understand</p> <p>Promoted to edit the original list of questions or checklist</p>
How does it resonate with what you do? Or How similar or different it is from your practices?	<p>“sounds similar to what we do”</p> <p>Noted that ‘wait for suitable conditions’ can be not only before mobilizing but also before making the SD. This note was due to the original figure that can reflect linearity mistakenly. This point was cleared when the cyclical and interleaved nature of the process was explained through the alternative process figure.</p>	<p>Familiar and similar to the current practices</p> <p>Wait for suitable conditions can be as early as prior to making the SD, which is the case in the process. Timing is taken into consideration at all the interleaved stages</p>
In what way or aspects or elements, if any, it might change the way you create and implement SD's?	<p>“legalizes or formalizes what you do through categories”</p> <p>“crystalizes what you do like following a doctrine”</p>	<p>Organizes and clarifies thought through guidelines</p>

	"paying more attention to the selection process"	Pay attention to the selection/qualification process
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**Table 62 Feedback of Firm 2 on understanding of the process**

Question	Response	Key point
Tell me about your understanding of the process? Or How it is clear and easy to understand?	"Easy to understand"  4 in a scale of 1 to 5	Easy to understand
How does it resonate with what you do? Or How similar or different it is from your practices?	"We have grown tremendously in the past 8 to 9 years and made a lot of strategic decisions, and if we did not cover it all, we covered at least 80 or 90%."  "In my opinion it is very good ... and our experience is very close this talk, but was not organized in this way, it is good for the executive to do these things and strategic decisions"	Very familiar and similar and goes with what they do
In what way or aspects or elements, if any, it might change the way you create and implement SD's?  Open discussion	"Conversations with sub managers and supervisors ... drill down ... emphasize more ... not only the executive ... field people are our eyes and ears. Putting conversations in one main category is important and need to emphasize it more"  "The rest of the elements are familiar."  "I liked the idea of how you put it"  "I think it will benefit practice more than academic ... we do it this way but we do not distribute it this way but if someone uses it, would take more details and make some decision following this formula "  ... but I cannot tell if what we do is right or wrong .. at the end we the a process but the end it might turn positive or negative and might not work out .. but	Emphasize the importance of conversations at all levels to improve SD making practice  Very clear and practical and will benefit practice by soliciting attention to process elements and details  The process organizes and guides thinking and decision making process  The Process makes them realize and be conscious or aware of what they usually do, which goes along the process

	<p>with ongoing observation and ongoing conversation and a trigger or event or outside element happens which might affect the whole story”</p> <p>“For me I understood it very well and found it practical”</p> <p>“The worst thing is to react or just day today activity without strategies or planning or vision”</p> <p>“the nice thing of what you say is the idea of you are observing and analysing and process it with your background experience ... this is something that we are going but we do not know we are doing it but did not thought about it this way”</p> <p>“you have directions but adapting them to reality”</p> <p>“the experience can make a difference ... field experience gives you the unique advantage”</p> <p>“the posed questions format is better and easier to teach to their thinking directly ... and guide decision process”</p> <p>“it is always good to stop and take some helicopter view of what you are doing and go back to the field. .. zoom out zoom in and is very beneficial ... these things create awareness and understanding and not to just have only day to day operation ... and this what we do in the company ... 99% of the meetings with the CEO is strategic, not operations. Continuous conversations and discussions and thinking so as not to forget about important things in the middle of daily operations ... otherwise you will go and be consumed in the details.”</p>	<p>The process provides a holistic view of practice and creates awareness and understanding of strategic issues rather than just daily operations</p> <p>Emphasizes the importance of experience that can make a big difference</p>
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**Table 63 Feedback of Firm 3 on understanding of the process**

Question	Response	Key point
Tell me about your understanding of the process? Or How it is clear and easy to understand?	<p>“easy and makes sense, common sense”</p> <p>Scale 5 in the scale of 1 to 5</p>	The process is easy and makes sense
How does it resonate with what you do? Or How similar or different it is from your practices?	<p>“it does describe .. it is aligned with what we do .. and most companies do that”</p> <p>“of course there must be some kind of process for developing tactics, developing strategies, developing business plans, in short term, medium term, and long term .. so it fits well with that”</p>	<p>The process describes and is aligned with what they do</p> <p>The process fits well with various levels of strategic thinking</p>
In what way or aspects or elements, if any, it might change the way you create and implement SD's?	<p>“possible to bring your ideas in a more formal way, of course we rely on experience and shared experience between the teams and executives and also the advisors from outside who have experience in our field in order to develop our tactics and plans”</p> <p>“of course what we are doing is a continuation of what we have started since many years ago, and the plan that we put today is a continuation to the previous plans to improve the business, the plans, the territory area, the operation and stuff like that, introduce new products and so on ... so it is a continuation and building blocks.</p> <p>“The process goes with the spirit of what is happening in the organization”</p> <p>“it [the process] looks easy, representing the idea of what is happening ... continuous thoughts, ideas development”</p> <p>“you always have some directions to maintain the presence and sustainability”</p> <p>“it should be continuous monitoring, in a monthly basis, in a weekly basis .. must have faith in what you are doing ..</p>	<p>Help present ideas in a more structured and formal way</p> <p>Today's decisions actions are natural continuations to the past – hence the iterative and cyclical nature of SD's in the process</p> <p>The process is easy and a good representation or a methodology of what is happening</p> <p>Emphasize the importance of monitoring observation and having faith in what you do</p> <p>The process is helpful because it opens up the eyes on new things</p>

	<p>“it is [the process and questions] like defining a methodology”</p> <p>“definitely helpful to share because it opens up the eyes on new things .. you collecting from here and there and there and sharing best practices between many industries, executives, many levels</p>	
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**Table 64 Feedback of Firm 4 on understanding of the process**

Question	Response	Key point
Tell me about your understanding of the process? Or How it is clear and easy to understand?	<p>“well it’s easy because this is the day to day business ... you are talking about how decisions will be made depending on evaluating the market and checking the opportunities ... looking for resources ... to me it is very realistic of what we do in real life... in our day to day business how we change, how the decision is made, what are the consequences, how we encounter any short falls in any decision, what correction we have to make, how can we support the decision that we made, and to come up with a successful result ... it describes it in a way that you understand from let me say a scientific way or theoretical also may be although it is practical than theoretical but here ..”</p> <p>“you just explained in brief what is going on in the market with the successful people ... yes because what you have mentioned here I have met a lot of people and when you are describing it some people just come to my mind so it triggers some memories ... I remember I met with this person and he is just exactly as you have said, that’s why he is very successful person. I recently met with somebody he established his own company several years ago and it is now very successful company and I met with him and I was astonished of how knowledgeable he is with the market and opportunities and what you are saying here is exactly what he does”</p>	<p>Easy to understand, realistic, and practical</p> <p>The practice of successful executives or firms</p>



	5 in a scale 1 to 5	
How does it resonate with what you do? Or How similar or different it is from your practices?	<p>"It is reasonable in two ways: first if we are implementing what you mentioned it means we are doing a great job.</p> <p>"The second thing is that sometimes you are encountered with silly decisions and you figure out how far it is from what you are mentioning here ... you would say this is a crazy decision and whoever is taking it is lacking most of your study ... nothing has been taken to consideration you know to evaluate an opportunity, you are looking for an investment, time for find some resources, partners, looking at the bigger picture, and the implications of such decisions, sometime is not taken so it has two meanings to me ... so you can may there was no motivation or no driving force to follow up on this, not enough opportunities in the market but because of the lack of experience in the market you have thought it is a good opportunity while it is not"</p>	<p>Resonates with the successful SD's that were made and implemented</p> <p>It clarifies or makes them understand why some other SD's were less successful [diagnose the SD's]</p>
In what way or aspects or elements, if any, it might change the way you create and implement SD's?	<p>"For sure it will improve the decision taking in the organization. It has to be explained to decision makers at the company and at the group because this is how strategic decisions should be made ... and as you said it is not linear, how it is important ... so you cannot neglect any of these elements ... you should not neglect ... this tells whoever who was taking the strategic decisions was not based on strategic thinking ... It was the same people who did both successful and less successful decisions"</p> <p>"the elements [of the process] should be thoroughly practiced"</p>	<p>The organization Should not neglect any element of process</p> <p>The process should be practices thoroughly</p>

**Table 65 Feedback of Firm 5 on understanding of the process**

Question	Response	Key point
Tell me about your understanding	"I think it is clear and quite understandable, so it is not very complex, it looks fine to me"	Easy and quite understandable

of the process? Or How it is clear and easy to understand?	Scale: 5 on 1 to 5	
How does it resonate with what you do? Or How similar or different it is from your practices?	<p>“I think it coincide to our ... since our job is related to sales and marketing and monitoring of the market and the competition so it coincides so as we have to interact with the people and we have to keep watching the competition and decide based on this information coming to us in consideration of where we start, I think this coincides with what we are doing”</p> <p>“More or less it goes with our type of activity also go in this process let’s say so we can exactly fit in but more or less the process is there. The decision that have been taken went thought this ... and of course sometimes you don’t know exactly how it is matching but when you explained to me it is there ... that some of these decision are take care in our business also in the same pattern ... quite similar”</p>	<p>The process coincides or aligns with what they are doing</p> <p>The decision that have been taken went through the process</p>
In what way or aspects or elements, if any, it might change the way you create and implement SD’s?	<p>“certainly, let us say occurrence of an opportunity ... sometimes I face issue with the management team between their own team ... communication between them as the business is scatters in regions you know ... so it requires people of marketing people, production to have ongoing discussions between them ... sometimes this lacks .. it needs to improve actually ... always my focus is to have more discussion ... it will make a collective after making interactions with these regions to make better impact, better results for the company ... so this an area that we need our people and staff to press more .... the focus is of course there but it needs to attention and coordination”</p> <p>“Qualification can be one area of improvement. For example, we need a new plant is needed, it needs a lot of interaction and a lot of time ahead .... This area probably can be improved”</p>	Emphasize the importance of and conversations opportunity qualifications

**Table 66** summarizes the feedbacks for firms 1 to 5. It lists the key points raised in the answers to the 3 questions listed above.

**Table 66 summary of the feedback of firms 1 to 5**

<b>Question</b>	<b>Firm 1 pilot</b>	<b>Firms 2</b>	<b>Firm 3</b>	<b>Firm 4</b>	<b>Firm 5</b>
<p>Tell me about your understanding of the process? Or How it is clear and easy to understand?</p> <p>What scale 1 to 5?</p>	<p>Easy to understand</p> <p>Promoted to edit the original list of questions or checklist</p> <p>Scale 5</p>	<p>Easy to Understand</p> <p>Scale 4</p>	<p>The process is easy and makes sense</p> <p>Scale 5</p>	<p>Easy to understand, realistic, and practical</p> <p>The practice of successful executives or firms</p> <p>Scale 5</p>	<p>Easy and quite understandable</p> <p>Scale 5</p>
<p>How does it resonate with what you do? Or How similar or different it is from your practices?</p>	<p>Familiar and similar to the current practices</p> <p>Wait for suitable conditions can be as early as prior to making the SD, which is the case in the process. Timing is taken into consideration at all the interleaved stages</p>	<p>Very familiar and similar and goes with what they do</p>	<p>The process describes and is aligned with what they do</p> <p>The process fits well with various levels of strategic thinking</p>	<p>The process coincides or aligns with what they are doing</p> <p>The decision that have been taken went through the process</p>	<p>The process coincides or aligns with what they are doing</p> <p>The decision that have been taken went through the process</p>
<p>In what way or aspects or elements, if any, it might change the way you create and implement SD's?</p>	<p>Organizes and clarifies thought through guidelines</p> <p>Pay attention to the selection process</p>	<p>Emphasize the importance of conversations at all levels to improve SD making practice</p> <p>Very clear and practical and will</p>	<p>Help present ideas in a more structured and formal way</p> <p>Today's decisions actions are natural continuations to the past – hence the iterative and</p>	<p>Emphasize the importance of and conversations opportunity qualifications</p>	<p>Emphasize the importance of and conversations opportunity qualifications</p>

		<p>benefit practice by soliciting attention to process elements and details</p> <p>The process organizes and guides thinking and decision making process</p> <p>The Process makes them realize and be conscious or aware of what they usually do, which goes along the process</p> <p>The process provides a holistic view of practice and creates awareness and understanding of strategic issues rather than just daily operations</p> <p>Emphasizes the importance of experience that can make a big difference</p>	<p>cyclical nature of SD's in the process</p> <p>The process is easy and a good representation or a methodology of what is happening</p> <p>Emphasize the importance of monitoring observation and having faith in what you do</p> <p>The process is helpful because it opens up the eyes on new things</p>		
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The next **sub-section 6.3.2** presents the interviews in which firms 4 and 5 were asked to interact with the process and actually attempt answering its diagnostic questions. **Section 6.4** discusses the findings of both understanding and using or applying the diagnostic tool of the SDCI process

### 6.3.2 Using the SDCI process – the diagnostic tool

The process and the related elements questions that were extracted from the description of the process were explained to the executives. The first group (Firm 1- Pilot, Firm 2, and Firm 3) of the executives reflected on the understanding of the process through the 3 questions discussed above.

By that stage, it was already determined that these executives (and actually several others who were met outside this formal study) understood and were interested in the process. This prompted me to go further and ask some other executives (Firms 4 and 5) to answer the questions or checklist that was developed for each process element and comment on them where possible. They were asked to draw from their knowledge and experience about their SD's. This has increased the confidence that the SDCI process has some potential to become a formal tool to diagnose the creation and implementation of SD's.

The checklist questions were refined several times in response to the feedbacks of the executives. The original set is shown in **Appendix T**. The first refinement is shown in **Appendix U**. The second and final refinement is shown in **Table 67**.

**Table 67 SDCI Diagnostic tool comprising a checklist of questions**

SDCI element	Questions
<b>SD Creation</b>	
Broad desire and espoused goals to grow and improve performance	<ul style="list-style-type: none"> <li>Do you have high level goals to improve performance and or grow?</li> <li>Note: This question is assumed to be naturally in place in the mind of the executives and management team, but it is posed exclusively here for the completeness of the process.</li> </ul>
Ongoing observation and noticing and understanding and accumulation of experiences of what	<ul style="list-style-type: none"> <li>Do you continuously observe the market to search for relevant signals or events - to a suitable or applicable level to you?</li> </ul>

went and what is going on in the market, and observation of the operations and performance of the firm, all blended with held beliefs and values	<ul style="list-style-type: none"> <li>• Do you understand these events and make sense of what is going on in the market?</li> <li>• Do you retain and accumulate relevant information and experiences from these observations?</li> </ul>
Ongoing interactions, conversations, interpretations, and debates of information and high level directions	<ul style="list-style-type: none"> <li>• Do you have general directions in place some that can guide ways to act or respond to the market?</li> <li>• Do you conduct conversations continuously to discuss events, information, and directions?</li> <li>• Do you make use of your accumulated experiences to understand and interpret the relevant events and opportunities?</li> <li>• Do you try to blend differences between the management team to reach acceptable meanings of events?</li> </ul>
Occurrence of an opportunity, event, trigger, or stimulus	<ul style="list-style-type: none"> <li>• Do you notice relevant events or opportunities that might trigger changes in directions?</li> <li>• Note: This question was asked before but is rephrased here to maintain continuity of the flow of the process.</li> </ul>
Triggered attention and interest, and aroused emotions	<ul style="list-style-type: none"> <li>• Do the new relevant events and information stimulate interest, attention, and emotions?</li> </ul>
Qualification or reasonable selection of an opportunity	<ul style="list-style-type: none"> <li>• Do you conduct a good enough level of analysis to determine the feasibility of the new opportunities?</li> <li>• Do you employ your accumulated learning and experiences in the analysis?</li> </ul>
Commitment to the selection with faith, motivation, and driving force	<ul style="list-style-type: none"> <li>• Do you have strong enough faith and driving force to commit to the selection or decision and realize it?</li> </ul>
<b>Strategic Decision (SD)</b>	
Make a Strategic Decision (SD)	<ul style="list-style-type: none"> <li>• Have you based the SD on the on-going strategic thinking and arising opportunities?</li> </ul>
<b>SD Implementation</b>	
Wait for suitable conditions	<ul style="list-style-type: none"> <li>• Are the right circumstances (situation, cost, benefit, risk, and other situational factors) considered to start implementing the SD?</li> </ul>
Mobilize action	<ul style="list-style-type: none"> <li>• Are the related internal and external players determined, informed, directed, and motivated to implement the SD?</li> </ul>

Formalize	<ul style="list-style-type: none"> <li>• Is the SD clearly and properly made official in terms of the necessary documentation such as agreements, contracts, organization structures, and job assignments?</li> </ul>
Operate	<ul style="list-style-type: none"> <li>• Are the functions and departments related to the SD identified and put into production?</li> <li>• Are the operations properly planned, directed, managed, and lead?</li> <li>• Are the parties related to the SD clearly and actively interacting, discussing, and resolving issues?</li> <li>• Are the parties related to the SD actively learning and adjusting to changes in the environment?</li> </ul>
Solve problems and Make decisions	<ul style="list-style-type: none"> <li>• Are problems arising from formalization and operations identified and acted on?</li> <li>• Are the accumulated experiences used in order to make necessary decisions and solve the problems?</li> </ul>
Results and feedbacks	<ul style="list-style-type: none"> <li>• Are you open to learn from the on-going experiences and results?</li> <li>• Are the accumulated experiences and learning actually used to enhance your understanding and improve the decision making and execution process?</li> </ul>

The refinements basically replaced the technical words with normal equivalent words such as changing ‘cue’ to ‘event or signal’, ‘satisficing’ to ‘acceptable’, and ‘informed’ to ‘based on. Also, they added the phrase “to the level suitable or applicable to you?” in first question to the ‘on-going observation’ process element. That gave latitude for the interviewees to reflect based on their own cases and situations. Furthermore, the questions were simplified by using less complex or shorter sentences to make it easier to read and answer. For example, changing the question of ‘do you conduct conversations and interact continuously to share, discuss, and debate events, ideas, information, directions, and issues’ into ‘do you conduct conversations continuously to discuss events, information, and directions?’.

I have clarified to the executives that the ‘you’ in the questions is not addressed only to the single executive but also to the management team in the firm.

**Table 68** shows the answers of Firm 4 to the process question.

**Table 68 The answers of Firm 4 to the process question or checklist**

SDCI element	Questions	Response
<b>SD Creation</b>		
Broad desire and espoused goals to grow and improve performance	<p>Do you have high level goals to improve performance and grow?</p> <p>Note: This question is assumed to be naturally in place in the mind of the executives and management team, but it is posed exclusively here for the completeness of the process.</p>	"Sure"
Ongoing observation and noticing and understanding and accumulation of experiences of what went and what is going on in the market, and observation of the operations and performance of the firm, all blended with held beliefs and values	<p>Do you continuously observe and scan the market?</p> <p>Do you keep searching relevant signals or events in the market?</p> <p>Do you understand these events and make sense of what is going in the market?</p> <p>Do you retain and accumulate relevant information and</p>	<p>"Not that much. I would say 70%"</p> <p>"it is not yes or no question. I would say that we are an old company and have been for long in the market so are different if you are a newly established company. This is a must in newly established companies because what they are looking for is to grow but for big groups they have grown enough and people usually come to them and do not go and approach. They want high profitability. So yes we do but related to high profitability but "not that much. We need to do that ... to a suitable level"</p> <p>"I will say yes, as suitable and applicable to the group"</p> <p>"sure"</p>



	experiences from these observations?	
Ongoing interactions, conversations, interpretations, and debates of information and high level directions	<p>Do you conduct conversations and interact continuously to share, discuss, and debate events, ideas, information, directions, and issues?</p> <p>Do you make use of your accumulated experiences to understand, reason, and interpret the relevant events and opportunities?</p> <p>Do you try to blend differences to reach to satisficing meanings</p> <p>Do you have in place some general directions that can guide ways to act or respond to the market?</p>	<p>“yes”</p> <p>“yes”</p> <p>“such blending would come from the top management so for me yes I implement this in my division but as I see from the company not that much .. company wise needs improvement”</p> <p>“no, no ,,, it is a reaction ... day to day reaction“</p>
Occurrence of an opportunity, event, trigger, or stimulus	Do you notice relevant events or opportunities that can go together with your current or possibly altered or new directions?	“yes”
Triggered attention and interest, and aroused emotions	<p>Do the new relevant events, opportunities, signals, or information stimulate interest and attention?</p> <p>Are the new relevant events, opportunities, signals, or information discussed and are stimulating emotions and behaviour?</p>	<p>“yes”</p> <p>“yes sure”</p>
Qualification or reasonable selection of an opportunity	Do you process and analyse the new information and determine	“yes”

	<p>the feasibility of the new opportunities at a good enough or due diligent level based on the situation?</p> <p>Do you employ your accumulated learning and experiences to develop and articulate a satisficing selection of direction?</p>	<p>“sure .. rather than re-inventing the wheel”</p>
Commitment to the selection with faith, motivation, and driving force	Do you confirm and have a strong enough faith, solidity, internal force, driver, and motivation to commit to the selection and realize it?	“yes”
<b>Strategic Decision (SD)</b>		
Make a Strategic Decision (SD)	<p>Is the SD that is made and articulated informed by all the on-going strategic thinking and arising opportunities?</p> <p>Is the SD backed by the necessary driving force and power to commit to and realize?</p>	<p>“yes”</p> <p>“should be but the practice needs some improvement”</p>
<b>SD Implementation</b>		
Wait for suitable conditions	Are the right circumstances, situation, cost, benefit, risk, timing, and other situational factors considered to start auctioning and realizing the SD?	“sure yes”
Mobilize action	Are the key internal and external players and partners participating in the execution of the SD determined, allocated, informed, directed, and motivated?	“yes”
Formalize	Is the SD clearly and properly formalized in terms of the necessary documentation, records,	“yes”

	agreements, contracts, organization structures, and job assignments?	
Operate	<p>Are the related functions and departments identified, assigned, and put into production</p> <p>Are the operations properly planned, scheduled, directed, managed, and lead?</p> <p>Are the related partners and parties clearly and actively communicating, interacting, discussing, and resolving issues?</p> <p>Are the related partners and parties actively learning, experiencing, responding, and adjusting to changes in the environment?</p>	<p>“yes”</p> <p>“yes”</p> <p>“yes”</p> <p>“they are adjusting but a bit slow. The adjustment needs improvement. They need to be more dynamic”</p>
Solve problems and Make decisions	<p>Are the arising formalization and operations problems identified and acted on?</p> <p>Are the accumulated experiences employed to deal with the problems?</p> <p>Are operational decisions made and executed to fix the problems?</p>	<p>“sure”</p> <p>“sure”</p> <p>“yes”</p>
Results and feedbacks	<p>Are you open to learn from the ongoing experiences and results?</p> <p>Are the accumulated experiences actually used and utilized to enhance your understanding of the operations and environment and help improve the decision</p>	<p>“of course”</p> <p>“yes”</p>

	making and execution process?	
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The answers to the checklist questions were generally concise and short. So, this triggered me to prompt the next firm (Firm 5) to provide some more details if possible as shown in **Table 69**.

Firm 4 suggested in the open discussion to “make the question shorter ... repeating the same meaning in the different terms in the same question. For example, do you conduct conversations and interact continuously to share, discuss, and debate events, ideas, information, directions, and issues ... here you are repeating three things ... share, discuss, and debate ... then you said ideas, information, directions, and issues ... you can put two of example ... the number of question is good. Just shorten them”.

These points were taken into consideration in the second refinement listed **Table 67** (also in the response to the Firm 5 in **Table 69** below).

The executive was asked if they think that the process would benefit the practitioners. The answer was that “Unless this confidential I would like to have this and share it with others. It will be very beneficial ... it will tell us how the SD should be taken”

Referring to a “bad” SD as labelled by the executive, the executive added “should exit from here [early stage during creation], not here [operate] ... we spent a lot of time and efforts and the results was zero ... may be that in the long run if you are encountering such bad decisions many times later on for good decisions you lose the motivation and driving force [losing faith in the SD makers]. Failure could have been avoided if they have followed these elements thoroughly ... thoroughly practiced.”

And when asked whether they recommend it and suggest it for executives to look at it to give them a wide view or the big picture of SD's, the answer was “sure but it needs to be explained. The flow chart is good, but it needs to have an explanation ... may be there will be questions on how not on what or do you ... may be the question

would be How ... How would you interact ... debate ... how would you get this information, debate direction ... not to rephrase the question ... it is a different phase of the study ... how successful people would do these phases and it will be like a guide book”

**Table 69** shows the feedback of Firm 5.

**Table 69 The answers of Firm 5 to the process question or checklist**

SDCI element	Questions	Response
<b>SD Creation</b>		
Broad desire and espoused goals to grow and improve performance	<p>Do you have high level goals to improve performance and or grow?</p> <p>Note: This question is assumed to be naturally in place in the mind of the executives and management team, but it is posed exclusively here for the completeness of the process.</p>	“yes, sure we have to have always high level goals in our mind to look for opportunities where possible for business to grow ... yes this is essential I mean very important yes”
Ongoing observation and noticing and understanding and accumulation of experiences of what went and what is going on in the market, and observation of the operations and performance of the firm, all blended with held beliefs and values	<p>Do you continuously observe the market to search for relevant signals or events - to a suitable or applicable level to you?</p> <p>Do you understand these events and</p>	<p>“yes this is very, very important to us to keep monitoring and keep tracking the market developments in our business ... and based on those information we decide and talk to our staff to act and take the opportunities seriously ... I think this it can be improved you know because this area need a lot of interaction with so many people and suppliers so it can be improved yes”</p> <p>“yes of course to the best of our ability we are supposed to understand and</p>

	<p>make sense of what is going on in the market?</p> <p>Do you retain and accumulate relevant information and experiences from these observations?</p>	<p>take necessary action on this one ... we have to dig in to understand and always keep our mind alert”</p> <p>“yes communicating with the right people ... experience always matters you know, may be some events in the past have happened where similar cases might have come in the past ... and again the market is repeating itself suppose so having the background with some period of time you are more smarter to decide and act probably compared to a fresh guy who for the first time so that gives us little advantage but we could have made wrong decisions but we have the background and history of those events happening again ... for example [xyz] market we have 20 years’ experience suppose, in 20 years many times it is a cure you know that goes up and down, favourable, unfavourable, highly competitive, very suitable, so all these phases keep changing all the time up and down, so definitely in this regard it always helps us”</p>
Ongoing interactions, conversations, interpretations, and debates of information and high level directions	<p>Do you have some general directions in place that can guide ways to act or respond to the market?</p> <p>Do you conduct conversations continuously to discuss events, information, and directions?</p> <p>Do you make use of your accumulated</p>	<p>“I think definitely we always have to have to think what is best suited to grow our business as you said one of those options so certainly yes”</p> <p>“yes I this and this is very important [not individual but a company/management team]”</p> <p>“certainly yes, certainly yes ... with the experience as you know, and as a leader you have to perceive and</p>

	<p>experiences to understand and interpret the relevant events and opportunities?</p> <p>Do you try to blend differences between the management team to reach acceptable meanings of events?</p>	<p>understand to a better level and also guide our team”</p> <p>“yes this is very important yes, we always get the ideas from fresh, from experienced, we really have to listen to the ideas of the team you know and it can blend, and first of all those ideas can be filtered by myself and see how I feel about these things ... but different requirements but can be blended”</p>
Occurrence of an opportunity, event, trigger, or stimulus	<p>Do you notice relevant events or opportunities that might trigger changes in directions?</p> <p>Note: This question was asked before but is rephrased here to maintain continuity of the flow of the process.</p>	<p>“Oh yes possible ... in some cases we have some negative information coming about some events at a later stage probably or at one stage when we are discussing it something came not suiting we can revert to it”</p>
Triggered attention and interest, and aroused emotions	<p>Do the new relevant events and information stimulate interest, attention, and emotions?</p>	<p>“yes also ... some new events came after the initial information coming to us which bring again our attention and emotion higher that we might have to re think and do things again re consult and see the situation some new dimensions or still go along ... we have to review the situation again”</p>
Qualification or reasonable selection of an opportunity	<p>Do you conduct a good enough level of analysis to determine the feasibility of the new opportunities?</p> <p>Do you employ your accumulated learning and experiences in the analysis?</p>	<p>“certainly yes, we have to see all detail of feasibility based in finance department, marketing, sales, operations, and you have to see the entire feasibility which can make this event to proceed”</p> <p>“yes most certainly, we take care of the same using our experience”</p>
Commitment to the	Do you have strong	“yes, certainly yes, it is very important

selection with faith, motivation, and driving force	enough faith and driving force to commit to the selection or decision and realize it?	to have high level energy so you have to go with full understanding and energy and go along the situation”
Make a Strategic Decision (SD)	Have you based the SD on the on-going strategic thinking and arising opportunities?	“yes certainly ... you have to keep analysing and take care of the opportunities that happened”
Wait for suitable conditions	Are the right circumstances (such as situation, cost, benefit, risk, and other situational factors) considered to start implementing the SD?	“yes, should be very suitable to the circumstances, the timing and analysing it carefully”
Mobilize action	Are the related internal and external players determined, informed, directed, and motivated to implement the SD?	“yes certainly we have to the players who are involved in this decision making and you have to direct them and help them target this decision make them obliged and motivated to go along with us”
Formalize	Is the SD clearly and properly made official in terms of the necessary documentation such as agreements, contracts, organization structures, and job assignments?	“yes also this is important so you have to go along all this stretch to make the project moving”
Operate	Are the functions and departments related to the SD identified and put into production?	“yes, they have be definitely put into his loop”
	Are the operations properly planed, directed, managed, and lead?	“yes, all have to be informed and acted as a team”



	<p>Are the parties related to the SD clearly and actively interacting, discussing, and resolving issues?</p> <p>Are the parties related to the SD actively learning and adjusting to changes in the environment?</p>	<p>“yes”</p> <p>“yes, we make sure”</p>
Solve problems and Make decisions	<p>Are problems arising from formalization and operations identified and acted on?</p> <p>Are the accumulated experiences used in order to make necessary decisions and solve the problems?</p>	<p>“certainly there will be some problems, we have to take these problems and talk to the concerned management involved and act accordingly to solve those”</p> <p>“yes, we have to take care of all this all accumulated experience by us and other staff which will help us do it and move faster ... in similar cases you know ... so our life is never wasted”</p>
Results and feedbacks	<p>Are you open to learn from the ongoing experiences and results?</p> <p>Are the accumulated experiences and learning <i>actually</i> used to enhance your understanding and improve the decision making and execution process?</p>	<p>“yes certainly yes”</p> <p>“Certainly yes, once again the accumulated experience enhances our understanding and it would make us may be decide better ... there is always room for improvement ... this is our life”</p>

When the executive was asked to comment freely on the process and questions, it was noted that “Interaction is a must endless you exchange with management involved with what is happening in the company, permanently you have to interact

with them all department wise and take their feedback what is happening in the market”

The executive added that “[relevant event] yes during discussion suppose you talk to a marketing head of one region and we are taking about one product ... suppose XYZ ... then what is happening or who is supplying, what is going on in the market and know the competition and then he started to give new information about this it is immediately trigger into our mind of the opportunity that there is a threat and we need to address ...so it is very important to take this as a serious matter of the situation and act on it otherwise if you still need time to think and talk to other people you know or suppliers to get the information, verify it and correct it but then yes immediately give a click or a trigger in the mind to act”

The executive covered naturally the next step or element in the process without looking at it yet, which means the natural flow of the process and his agreement with it. In fact, he actually participated in the explanation, which reflects its simplicity and natural flow.

“Very interesting, very practical, sometimes we do not visualize what we are doing ... but at least you put it on a piece of paper, coincide along ... “. So as noted earlier, the process seems to help the executives visualize, realize, and make sense of what they do.

And when asked whether they think that the process will benefit the practitioners, the reply was that “in my case it is very fruitful because I am trying thinking how to fit in my side of business and experience into this model because we are sometime not going into the literature presentations you know and mostly every day in the morning start our business and at the end of our business but now this is really gives me little eye opener and even a thinking process as well ... have to read and thinking seriously where and how my business things will fit in ... certainly it can help improve the situation of executive and management and leader to benefit from this one and I am very happy to have it ... I will still think and see how I can really benefit from it from tomorrow morning onwards”

The next section provides discusses the above findings on understanding and using the process.

## **6.4 Discussions**

The following two sub sections discuss the two objectives of this part of P3: understanding the process and putting it into practice using a diagnostic tool constricting of a checklist of questions.

### **6.4.1 Understanding the process**

The interview questions were: tell me about your understanding of the process (or how clear it is and easy to understand); how does it resonate with what you do? (or how similar or different it is from your practices?); and In what way or aspects or elements, if any, it might change the way you create and implement SD's?

The findings to the three interview questions presented in **Section 6.3.1** can be summarized as follow. The interviewees indicated in the first question (tell me about your understanding of the process or how clear it is and easy to understand) that the process is clear, practical and easy to understand, organizes and guides thinking, and brings attention to how SD's are created and implemented. This means also that the process is not too complex or complicated for understanding and potentially benefiting from it by practitioners or executives.

In their response to the second question (how does it resonate with what you do, or how similar or different it is from your practices), the interviewees noted that successful SD's were generally aligned with the presented process and that less successful decisions generally deviated from the process.

In order to delve more into this finding, the interviewees were asked a third question to tell in what way or aspects or elements, if any, it might change the way they create and implement SD's. The response to the third questions highlighted some areas where the interviewed firm suggested to improve such as improving conversations or interactions, using or benefiting from the accumulated experience, and analysing or qualifying SD's.

These responses and findings provided me with the confidence that the process is generally clear and understandable by the executives and practitioners when it is explained to them.

#### **6.4.2 Using the process – the SDCI diagnostic tool**

The next natural step is to check the usability of the process through a diagnostic tool consisting of a checklist of questions extracted from the description of each process element.

The interviewees have suggested conducting further studies on the process elements such as ‘conversation’ and ‘qualification’ in order to help firm improve the quality of doing these organizational activities. This feedback can be taken as a next direction or research agenda for future related studies that can explore each process element in detail to augment and enhance the usability and benefit of the process. At this stage, the process, however, did its purpose of providing a holistic view of the overall SD creation-implementation process and highlighted areas that can be areas of further action by the firms and executives, decision makers, or management teams.

The above data and discussions, especially the text in red, support the idea that the SDCI process can be a helpful tool to the executives, decision makers, management teams, or firms to reflect on or diagnose how they make and implement SD’s, at a collective, on-going practice level or at a single SD level.

### **6.5 Conclusions, limitations, and looking forward**

The objectives of applying the process in practice and using it to diagnose the SD’s were attempted. It was concluded that the process is clear, practical and easy to understand, organizes and guides thinking, and opens eyes and brings attention to what and how things are done. Also, it was noted that successful SD’s were generally aligned with the process and that less successful decisions generally deviated from the process especially conversations or interactions, the role of experience, and analysis or qualification.

This gave more assurance and confidence that the process is generally clear and can be accepted and used by the executives and practitioners, especially if it well explained.

The real benefit, I believe, can be attained when the questions of the SDCI process diagnostic tool are answered sincerely and honestly by the decision makers.

The above data and discussions support the idea that the SDCI process can be a helpful tool to the executives, decision makers, management teams, or firms to reflect on or diagnose how they make and implement SD's.

It is a self-reflection processes that can open the eyes on critical issues, which - if they are addressed openly and seriously – can help firms improve the overall quality of the SD's.

Limitations wise, the data that were collected in this study did not focus on the use of language and power in creating and implementing strategic decisions as it did to comprehend the nature of the holistic process. Also, the data did not support investigating the role of context and contingency. Future related studies can shed more light on these topics and roles.

As a future direction, the process can serve as a research agenda and opens the door to explore some in depth studies related to each process element. For example, explore 'observation' and 'conversation' elements in greater details.

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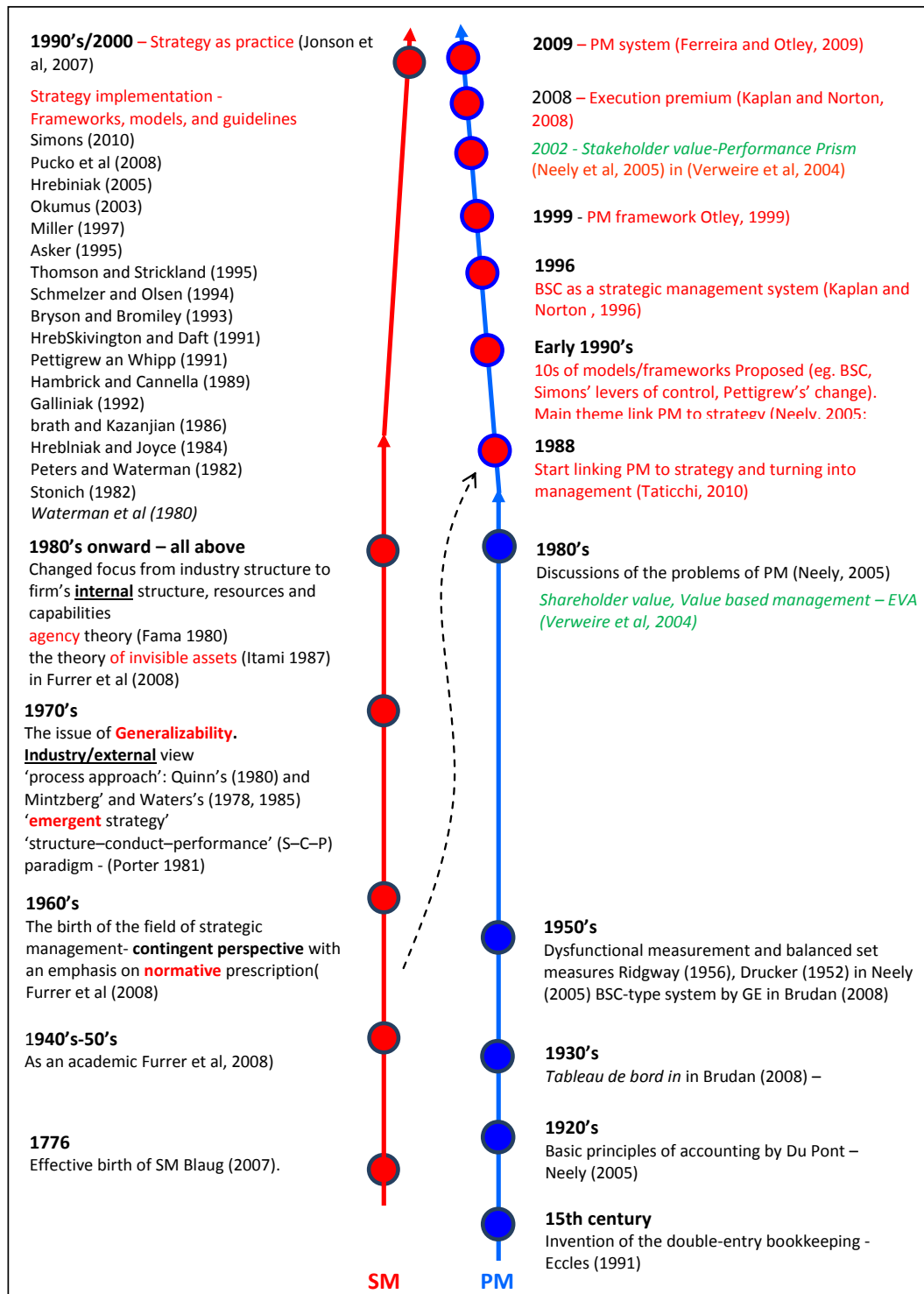
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# APPENDIXES

## Appendix A PM and SI literature have been converging or overlapping and conversing on related topics



## **Appendix B Usable Gulf Cooperation Countries (GCC) articles on performance management**

Search string used to search for articles that research strategy implementation or execution or performance management in Gulf Cooperation Countries (GCC):

"strategy implementation" OR "strategy execution OR "performance management")

AND

("GCC OR Arabian gulf OR gulf cooperation council OR Saudi Arabia OR Kuwait OR Kuwait OR UAE OR Emirates OR Oman OR Qatar OR Bahrain")

The usable results are only:

Al Ghamdi, 2005

Al-Ghamdi et al, 2007

Yusuf and Saffum, 2009

Al-Shaikhm 2001

Mahasneh, 2004

Abu-Musa, 2010

Al-Zufairi, 2006

Eljelly and Alghurair, 2001

Al-Mudimigh, 2009

Mostafa, 2007

Al-Turki and Duffuaa, 2003

Ramanathan. 2006

Muharrami, 2007

Al Saeed, 2008

Al-Heizan, 2003

Cobbold at al, 2004

Joshi, Al-Mudhaki, and Bremser, 2003

Abu Elanain, 2008



## Appendix C Details of some of the reviewed articles in the SS

Empirical application - Qualitative			
	Context	Method	Straregy implementation factor
8e	Japan - Nisan company	1 ethnographic case	hoshin kanri - dynamic capability
16	USA - manufacturing	1 case	contingency approach to formulation
20	China - construction	1 case	project portfolio management
17e	Worldwide - Manufacturing	1 case	multiple
33	North Sea - oil and gas industrial service	1 case	measurements
54	Alpine - Tourism	1 case	change process - multiple
57	UK - Hotel chain	3 cases	communication
69	USA - global technology	Action research	diagnoses process - capabilities for learning

Empirical validation - Qualitative			
	Context	Method	Straregy implementation factor
17	Slovenia - manufacturing	1 case	Simons levers of control framework
19	New Zealand - various	various Semi-structured interviews	multiple
49	UK - manufacuring	9 cases - structured interview	multiple
59	USA - 12 large companies	4 companies - in depth interviews	multiple - the 6 silent killers
64	Australian - a large industrial	1 case	Value Based Managemen, Bahavior
84	USA - numerous Chemical manufacturing	Observatations in various then 1 detailed study in a large multi-business firm	multiple

Empirical application - Quantitative			
	Context	Method	Straregy implementation factor
1	Slovenia - various	172 Survey Structured questionnaires based on Hrebiniak (2005b)	multiple
22	UK - mid-level marketing managers in service industry	87 postal surveys	role of middle level marketing managers
34	Nevada USA - casino industry	120 Self-administered questionnaires	leadership - casino industry
39	Worldwide - manufacturing initiatives	106 emailed surveys	Manufacturing initiative
41	UK - Middle managers – marketing department	13 Questionnaires	multiple
67	UK - various	24 mailed questionnaires	multiple
24e	Worldwide - multinational subsidiaries	63 mailed questionnaire	participative decision making
81	Worldwide - public, medium -sized industries	126 mailout qestionnaires	selective globalization - a subset of the value chain

Empirical validation - Quantitative			
	Context	Method	Straregy implementation factor
45	Taiwan -Manufacuring an services	221 Mailed survey questionnaire	Deceptiveness, Swiftness, Adaptability
65	UK - SBU level in marketing	748 Mailed questionnaire	inter-functional relationships
66	USA - marketing	294 mailed questionnair	multiple
78	USA - Standard & Poor's COMPUSTAT II	92 mailed out surveys	governance
85	USA - Fortune 500	121 mailed questionnaires	contingency approach to implementation
89	USA - Fortune 501	58 SBU of 8 companies, mailed questionnaires	multiple

## Appendix D Search strings in the SS

strategy implementation OR strategy execution  
strategy implementation AND success\*  
strategy implementation AND success\* AND factor\*  
strategy implementation AND effective\*  
strategy implementation AND imperative\*  
strategy implementation AND requirement\*  
strategy implementation AND condition\*  
strategy implementation AND lever\*  
strategy implementation AND driver\*  
strategy implementation AND characteristic \*  
strategy implementation AND determinant \*  
strategy implementation AND lessons learned \*  
strategy implementation AND (barrier\* OR obstacle\*  
strategy implementation AND failure\*  
strategy execution AND success\*  
strategy execution AND success\* AND factor\*  
strategy execution AND effective\*  
strategy execution AND imperative\*  
strategy execution AND requirement\*  
strategy execution AND condition\*  
strategy execution AND lever\*  
strategy execution AND driver\*  
strategy execution AND characteristic \*  
strategy execution AND determinant \*  
strategy execution AND lessons learned \*  
strategy execution AND (barrier\* OR obstacle\*  
strategy execution AND failure\*

## Appendix E Ferreira and Otley's (2009) framework

### The factors of the framework and their associated questions

(Ferreira and Otley, 2009, pp. 267-275)

1. **Vision and mission.** What is the vision and mission of the organization and how is this brought to the attention of managers and employees? What mechanisms, processes, and networks are used to convey the organization's overarching purposes and objectives to its members?
2. **Key success factors.** What are the key factors that are believed to be central to the organization's overall future success and how are they brought to the attention of managers and employees?
3. **Organization structure.** What is the organization structure and what impact does it have on the design and use of performance management systems (PMSs)? How does it influence and how is it influenced by the strategic management process?
4. **Strategies and plans.** What strategies and plans has the organization adopted and what are the processes and activities that it has decided will be required for it to ensure its success? How are strategies and plans adapted, generated and communicated to managers and employees?
5. **Key performance measures.** What are the organization's key performance measures deriving from its objectives, key success factors, and strategies and plans? How are these specified and communicated and what role do they play in performance evaluation? Are there significant omissions?
6. **Target setting.** What level of performance does the organization need to achieve for each of its key performance measures (identified in the above question), how does it go about setting appropriate performance targets for them, and how challenging are those performance targets?
7. **Performance evaluation.** What processes, if any, does the organization follow for evaluating individual, group, and organizational performance? Are performance evaluations primarily objective, subjective or mixed and how important are formal and informal information and controls in these processes?

8. **Reward systems.** What rewards — financial and/or non-financial — will managers and other employees gain by achieving performance targets or other assessed aspects of performance (or, conversely, what penalties will they suffer by failing to achieve them)?
9. **Information flows, systems and networks.** What specific information flows — feedback and feed-forward —, systems and networks has the organization in place to support the operation of its PMSs?
10. **PMSs use.** What type of use is made of information and of the various control mechanisms in place? Can these uses be characterised in terms of various typologies in the literature? How do controls and their uses differ at different hierarchical levels?
11. **PMSs change.** How have the PMSs altered in the light of the change dynamics of the organization and its environment? Have the changes in PMSs design or use been made in a proactive or reactive manner?
12. **Strength and coherence.** How strong and coherent are the links between the components of PMSs and the ways in which they are used (as denoted by the above 11 questions)?

## **Appendix F Interview protocol used in P1 (and P2)**

**Welcome and thanks. Sign and handle Confidentiality letter.**

### **General questions about the company and participant**

Nature of business and business sector

Type of company – proprietorship, private company, incorporated, JV,

Size of company- employees, revenue, geographic presence

Years since establishment

Position in your company- executive/top management, middle management

Education- graduate of and from

### **Key questions and successful and less successful strategy/strategic decisions implementation**

What successful strategic decision has been recently made and implemented

Criteria of 'successful'

How has it been made and implemented

### **How do you evaluate its overall success on a scale 1 (low success) to 5 (very successful)?**

Budget and resources allocated

Timeframe

Initial financial goals

learning

### **Other Follow up question**

Could you please repeat it again?

Can you please give me an example?

What do you mean by that?

Please explain further

Can you please elaborate?

Did you mean this?

## **Closure**

How did you feel about the interview?

Interviewing other key members in the organization

Thanks

## **Appendix G Letter of confidentiality used in P1 (and P2 later)**

Cranfield University

Cranfield School of Management

DBA Cohort 10-14

Empirical study of SI practices

### **Letter of Confidentiality**

This is a confirmation provided by Same Abdulhadi, Doctor of Business Administration (DBA) researcher, to the participant that the interview and all the associated information and recordings are strictly confidential. Only the researcher will see or listen to the interview information, which will be totally destroyed right after the completion of the study.

No names will be recorded. The place and any other information that can reveal the identity of the participant will remain completely anonymous during the work on this research between February and July 2012. Also, no information will be used for any other purpose or publication or any other use beyond the intended research objectives. Furthermore, this is a confirmation that no harm will be caused to the participant.

The participation is voluntary and the participant is free to withdraw at any time.

Thank you very much

DBA researcher name                      Samer Abdulhadi

Signature                                      \_\_\_\_\_

Date    \_\_\_\_\_

## Appendix H Format of the sheet used in P1 to extract factors from data

This is the format of the spread sheet that was used in P1 to extract factors from data. A readable sample is also show below in this appendix.

The purpose for showing the tables in **Appendixes I** and **J** below is to view and demonstrate the overall process of identifying the factors and grouping them, not the readable data.

Strategic decision .....	"Quote"	"Quote"	"Quote"	....>
Success:	Factor	Factor	Factor	....>
Strategic decision .....	"Quote"	"Quote"	"Quote"	....>
Failure:	Factor	Factor	Factor	....>

### A readable sample of some factors: Firm 4 SD 1 = SD4.1

<b>Success1:</b> JV	<b>"Quote"</b>	"Nothing is guaranteed 100%, people change .. economy change .. so we put triggers in the contracts if we do not achieve what we already put in our commercial plan that will trigger an exit clause "	"It was a long process and talked about everything: office space, continuation of resources and personnel, people. Budget, the overheads, management structure and responsibilities of the JV partner, the investment, .... Went over a lot of commercial and human resource and physical resources discussions" .... 2-3 years of negotiation, financial analysis, input and guidance from the biggest customer who encouraged it" ... A lot of financial and legal and customer discussions locally and the US took place"	"a comprehensive effort with the help of the partner. They are very well structured and created a lot of subjects that we went over one by one and tried to close them as we move on"
	<b>Factor</b>	Control - contract and financial	Due diligence	support of partner



The purpose of the tables in **Appendixes I and J** is to demonstrate the overall view and process of identifying the factors and grouping them, not the readable data.

**Figure I-1    Format of raw data – quotes and factors distilled from firm 1**

[illegible][illegible][illegible][illegible]

**Figure I-2** Format of raw data – quotes and factors distilled from firm 2

Raw data from the study

Business Unit and Policy	Quote	Factor	Quote	Factor	Quote	Factor	Quote	Factor	Quote	Factor	Quote	Factor
Business Unit and Policy	Quote	Factor	Quote	Factor	Quote	Factor	Quote	Factor	Quote	Factor	Quote	Factor

Quote: "We are not looking for a single solution, we are looking for a range of solutions that can be implemented in a way that is sustainable and that can be scaled up."
Factor: "Sustainability"
Quote: "We are not looking for a single solution, we are looking for a range of solutions that can be implemented in a way that is sustainable and that can be scaled up."
Factor: "Sustainability"

Business

Business Unit and Policy	Quote	Factor	Quote	Factor	Quote	Factor
Business Unit and Policy	Quote	Factor	Quote	Factor	Quote	Factor

Business

Business Unit and Policy	Quote	Factor	Quote	Factor	Quote	Factor
Business Unit and Policy	Quote	Factor	Quote	Factor	Quote	Factor

Business

Business Unit and Policy	Quote	Factor	Quote	Factor	Quote	Factor
Business Unit and Policy	Quote	Factor	Quote	Factor	Quote	Factor

Figure I-3 Format of raw data – quotes and factors distilled from firm 3



[illegible]

[illegible]

Country manager					problem	problem
Strategic decision Success: expanding distribution network country wide	The business was going on, management realized since few years ago through performance review that they need to grow and do better. The current distribution network is very limited. The decision was made to substantially expand	There were agreement and cooperation between management on the decision and work plan.	spent a lot of time to select the right distribution partner having knowledge in the same field, qualified, and understand the business	we wanted to grow distribution network without disturbing the relationship with the existing partners	local laws and regulations and legalization procedures caused some delays in the implementation	internal legal and financial procedures were slow and inflexible to respond to market quickly
	Factor	management support - harmony	market - right partner - same field, capable, understand the	Market - relationship - partner	market - respond quickly	org structure - functions, resp, and
		How the SD was made				Management - team - incentives and recognition
Sales manager						
Strategic decision Success: expanding distribution network country wide	having relationship with partners with mutual agreement and having full support and with customers is very important	having relationship with partners and customers is very important	establishing strong relations to gain trust of customers is very helpful	objectives, measures (customer base), and targets were set	used to have regular and periodic feedback on results and performance through reports and meetings	
	Factor	market - relations - partner - mutual agreement and support	market - relations - customer - fulfill	performance - measures and targets	performance - regular review, meetings and reports	

Figure I-7 Format of raw data – quotes and factors distilled from firm 7

# Appendix J A combined table of all factors for all SD's used in P2 – An overall view of the format and process, not the readable data

Result	SD	market	luck	management	capabilities and resources	performance review	structure	Problems
1 successful	Merger							
1 successful	2 JV							
1 failure	Acquisition							
2 successful	Foreign partnership and Restructuring							
2 failure	Convert from Fabricator to EPC							
3 successful	New product line							
3 failure 1	add line from a new partner							
3 failure 2	acquire a company							
4 successful	JV							
5 successful	Creating a new company							
5 failure	companywide restructuring							
6 successful	Expanding to full lines of products agencies							
6 failure	companywide restructuring							
7 success	Expanding distribution network countries							

Figure J-1 Combined table of all factors for all SD's and firms



## Appendix K General data about the firms in P1 and P2

Firm	Type	Business	Sector	Revenue	Employees	Location	Start
1	Inc.-public	Manufacturing	Industrial	1 billion	1600	KSA and ME	1980s
2	Private LL	Manufacturing	O&G, Petro Chemical	600 million	1800	KSA	1983
3	Partnership	Service	IT	300 million	1200	KSA	1981
4	Partnership	Service	Engineering	300 million	570	GCC	1965
5	Inc.-closed/family	Service	Construction	380 million	1800	KSA	1974
6	Private/family	Services-Trading	Medical	2 billion	1500	KSA	1950s
7	Multi-national	Manufacturing	Industrial	2 billion	9000	KSA	1980s
8	Private LL	Services	Real Estate	500 million	250	KSA	1990's
9	Partnership	Manufacturing	Industrial	500 million	500	KSA	1990's

## Appendix L General data about the interviewees in P1 and P2

<b>Firm</b>	<b>Interview duration (m s)</b>	<b>Mode</b>	<b>Position</b>	<b>In company (years)</b>	<b>Education</b>
1	107 06	Recorded face to face	S VP	20	B.Sc. of commerce
2	45 27	Recorded face to face	CEO	7	Mechanical engineering
3	66 14	Recorded face to face	GM	25	MIS
4	49 04	Recorded face to face	Executive Director	15	Civil Engineering
5	48 30	Recorded face to face	GM	5	PhD Act
6	41 41	Recorded face to face	Regional manager/GM	18	Master of med engineering
7	45 25	Notes face to face	Country manager	5	Mechanical Engineering
8	45 20	Notes face to face	Senior sales manager	3	B.Sc. of commerce
9	125 15	Notes face to face	Vice President	12	Electrical Engineering

## Appendix M The final template that was used to populate the data from the data as used in P2, with readable samples at the end

											M=mobilize	F=Formalize	O=Operate	P=solve problems for F and O	
		Broad desire and espoused goals to grow and improve performance	Observing/ Thinking, Value	Conversation/ Thinking Value	Event- Performance, Market	Attention, Motivation	Qualify	Driving force	S D	Time	Action - M	Action- F	Action- O	Action- P	Results
			Creation	Creation	Creation	Creation	Creation	Creation		Implementation	Implementation	Implementation	Implementation	Implementation	
tape	SD 1.1	Buy an existing and running factory													
tape	SD 1.2	Merge													
tape	SD 1.3	Create JV													
tape	SD 2.1	Foreign partnership and Restructuring													
tape	SD 2.2	Convert from Fabricator to E P C													

											M=mobilize	F=Formalize	O=Operate	P=solve problems for F and O	
		Broad desire and espoused goals to grow and improve performance	Observing/ Thinking, Value	Conversation/ Thinking Value	Event- Performance, Market	Attention, Motivation	Qualify	Driving force	S D	Time	Action - M	Action- F	Action- O	Action- P	Results
			Creation	Creation	Creation	Creation	Creation	Creation		Implementation	Implementation	Implementation	Implementation	Implementation	
tape	SD 3.1	Add and invest on a new major h/w product line													
	SD 3.2	Add and invest on a new particular major s/w product line from a new major partner													
tape	SD 3.3	Acquire an establishe d partner in a certain line													
notes	SD 3.4	Create a J V with an establishe d partner in certain line													

											M=mobilize	F=Formalize	O=Operate	P=solve problems for F and O	
		Broad desire and espoused goals to grow and improve performance	Observing/ Thinking, Value	Conversation/ Thinking Value	Event- Performance, Market	Attention, Motivation	Qualify	Driving force	S D	Time	Action - M	Action- F	Action- O	Action- P	Results
			Creation	Creation	Creation	Creation	Creation	Creation		Implementation	Implementation	Implementation	Implementation	Implementation	
notes	SD 3.5	Add a new particular type of e-business													
tape	SD 4.1	Create JV													
tape	SD 5.1	Company wide restructuri ng													
tape	SD 5.2	Creating a new company													

											M=mobilize	F=Formalize	O=Operate	P=solve problems for F and O	
		Broad desire and espoused goals to grow and improve performance	Observing/ Thinking, Value	Conversation/ Thinking Value	Event- Performance, Market	Attention, Motivation	Qualify	Driving force	S D	Time	Action - M	Action- F	Action- O	Action- P	Results
			Creation	Creation	Creation	Creation	Creation	Creation		Implementation	Implementation	Implementation	Implementation	Implementation	
tape	SD 6.1														
	Expandin g to full agencies product lines														
tape	SD 6.2														
	Company wide restructuri ng														
tape	SD 7.1														
	E xpand the distributio n network country wide														
notes	SD 8.1														
	Creating a new company														
notes	SD 9.1														
	Create a JV														
notes	SD 9.2														
	Acquire a company														

A readable sample extracted from the above master template image:

	<b>Broad desire and espoused goals to grow and improve performance</b>	<b>Observing/ Thinking, Value</b>	<b>Conversation/ Thinking Value</b>	<b>Event- Performance, Market</b>	<b>Etc...</b>	
		<b>Creation</b>	<b>Creation</b>	<b>Creation</b>		
<b>SD 1.1</b>  Buy an existing and running factory						
<b>SD 1.2</b>  Merge						
<b>SD 1.3</b>  Create JV						
<b>Etc..</b>						

A readable sample extracted from the above master template image:

		M=mobilize	F=Formalize	O=Operate	P=solve problems for F and O	
SD	Time	Action - M	Action- F	Action- O	Action- P	Results
	Implementation	Implementation	Implementation	Implementation	Implementation	



# Appendix N The final data table that was iteratively populated case after case in P2 to explore and develop the SDCI process as used in P2 with a readable sample at the end

		Broad desire and espoused goals to grow and improve performance	Observing/Thinking, Value	Conversation/Thinking Value	Event- Performance, Market	Attention, Motivation	Qualify	Driving force	SD	Time	M= mobilize	F= Formalize	O= Operate	P= solve problems for F and O	
			Creation	Creation	Creation	Creation	Creation	Creation		Implementation	Implementation	Implementation	Implementation	Implementation	Implementation
tape	SD 1.1	Buy an existing and running factory	"no body can stay where he is ... either you have to grow or you have to be back" ... cannot stay where you are"  "You always look at the market and do your best to do the best understanding and judgement with the anticipation of good results"  "we always learn, and management has the flexibility to change"	"you always look at the market and do your best to do the best understanding and judgement with the anticipation of good results"  "prices are jacking"	"markey is growing"  "either you have to grow or you have to be back" ... cannot stay where you are"	"either you have to grow or you have to be back" ... cannot stay where you are"					"people need to know there is a change and comprehend that change"  "the most important element is humans, training, education, convincing people that there is a change ..."	"It did not succeed because we did not give it to the right team to conclude this transaction partner"  "first we tried to buy out buy a new factory ... we were not able to buy that factory"	[did not reach to this stage]  [did not reach to this stage]	[did not reach to this stage]  [did not reach to this stage]	"It did not succeed"
tape	SD 1.2	Merge	"we want to improve the company"  "the aim of the company is to increase profit"	"they are working in the same field and the right partner"  "the economy was booming ... raw material prices were jacking"  "we noticed other companies have defaulted ... 80% of product is material if material increase 3 times, the company is gone"	"then we said Ok we go and merge"  "we do not have a one man decision"  "senior management now through proper delegation spend less time on day to day operations and spend more time on thinking and managing, expansions" [strategic matters]  "all managers participated in the analysis"  "we brought people from down to talk"	"the economy was booming"  "the demand was huge"	"always do good diligence ... Limited diligence hides things"  "all managers participated in the analysis"	"we have commitment to deliver... [otherwise] it will kill the whole thing"		"we decided to postpone old orders and handle new orders [until prices come back to normal]"	"You have to spend money to get the right people"  "You have to structure ... pay attention to replace and get the right experience"	"we found a partner in which there is synergy"  "the we have completed the merge"  "you have to search for people who believe in your business"  "you need new rules and policies and things"	"that was a success story with a lot of difficulties"  "if you cannot manage well the relationships, it can be negative impact"  "we care very much about the partner"  "we managed and decided to agree with the customers to postpone old orders and handle new urgent and profitable orders"	"we found surprises ... the good thing they were in our field in our area ... so basically we were able to fix it"  "there were problems of is censor, planning, production, material purchasing, financial controls ... not easy but clear to us what to do"	"we were able to fix the problems and show the profit ... Show the results financially"
tape	SD 1.3	Create JV	"no body can stop where he is, he has to grow"  "as a strategic planning [as guidance in this area to formulate this] we wanted to be the largest company in the area ... We made the right structure and we wanted to grow"	"this is something that I have learned over the years how to manage your partner"  "you have to be educated financially ... be careful in success time and successful not to become too fat [greedy]... look for impacts financially ... do not speculate ... Study growth cautiously"  "we always observe what is emerging in the market"  "we always read from what is going around us and learn from our mistakes"	"it always come to our management how to manage your partner"  "in every board meeting there were a lot of issues ... before the board we had meetings, contacts, side meetings, prepare all the issue"  "we discuss our directions ... but do not go until we have time"  "we are here to solve problems"	"were are doing good and thought to grow more"  "no high technology [high end for a specific production line. There is a room to fill the gap while they are succeeding in their ongoing decisions and operations]"	"we always try to execute not just words as many people do just talk"  "if you want to expand ... if you want to take four five six expansions ... can you take all of that all in the same time? what is the impact? You have to consider all of this"	"if you do not proceed now, we will lose the market"  "we discuss our directions ... but do not go until we have time"  "we always try to execute not just words as many people do just talk"		"it took us along time to convince them we are the right partner"  "if you do not proceed now, we will lose the market"  "we discuss our directions ... but do not go until we have time"  "we do not go to the next stage unless the problems are fixed and start to show results"	"started to search for a JV partner"  "convince [high tech partner] to come"  "we need to have the financial control, we need to have the majority"  "It was difficult, the partner was bought by another company [that they do not know well], our request faced rejections, but we know this is the right partner" ... it took us along time to convince them we are the right partner"  "we have done all required legal issues"  "we have the right structure and financial orientation of management"	"It is going on under construction with some difficulties"  "we fixed all our administration and organizational issue"  "we do not go to the next stage unless the problems are fixed and start to show results"  "it till facing day to day operational problems ... you have to solve it"	"With some difficulties"  "we fixed all our administration and organizational issue"	"With initial successful results"	
tape															

		Broad desire and espoused goals to grow and improve performance	Observing/Thinking, Value	Conversation/Thinking Value	Event- Performance, Market	Attention, Motivation	Qualify	Driving force	SD	Time	M=obilize	F=ormalize	O=perate	P=solve problems for F and O	
			Creation	Creation	Creation	Creation	Creation	Creation		Implementation	Implementation	Implementation	Implementation	Implementation	Implementation
tape	SD 2.1	Foreign partnership and Restructuring  "I know the business very well ... I know how this business will be successful" "If you put your target the sun and reach it, then there is no more targets to reach .. Always put the s key as your target... you neve reach the sky"	"concentrated on the type of material and market itself ... which is filled by foreign companies" "know market ... looked at it from each side" "stayed weeks with manufacturers at their home country to understand them and be able to work with them" "You have to show others how to unders tand you ... that you are coming to support them" "You have to present the company in the best way [to gain trust and support]" "Business in all over the world is the relation" "as we say, fix and prepare your self then show people your work and results"	"worked with estimation to make it efficient and competitive" "worked with the whole factory (fabrication, delivery, projects ...) and its management to increase efficiency of the products" "we are still learning" "we as management discussed issues and decided to take a different direction" "changes are always pres ent and dynamic" Very good communication between the CEO and managers ... all managers to down level"	"so many came up in this region ... competition increas ed ... the same old way of doing things cannot work" "competition is getting s o strong"	"... the same old way of doing things cannot work" "you have to present the company in the best way [to gain trust and support]" "Business in all over the world is the relation"	"I had to analyze a lot of things"	"I have to show to the company that we did something, otherwise, we continue to be the same" "the same old way of doing things cannot work"			"design and set up the system" "stayed weeks with manufacturers at their home country to understand them and be able to work with them" "Approached companis that I have in mind to build relation"	"established budgets and accountability" "put schmes of KP's and incentives" "It is going on under cons truction with some difficulties" "focused on the core functions [estimation, production, and sales] ... took care of all required ... peoeple, capabilities, facilities" "spent more than 30m to upgrade the company capability" "built relations to get the best prices and support from the suppliers"	"our success in the recons ruction and results lead to gaining additional very large projects"	"we fixed a lot of things in the operations to produce"	"succeeded, the results improved turn over from 150m to 500m"
tape	SD 2.2	Convert from Fabricator to EPC contractor  "succeeded with the past decisions and now want to do more ... I have to find other sources to continue the projects for the company"	"great growing interest in the market demand local engineering firms that can do EPC other than our current field of business"	"we had to find alternatives to [current business] as it will not sustain in the long term. Engineering is needed for the future" "we have daily meetings sometimes with the management team for performance review and discussions and projects ... And for what is going on in the market ... we know who are the clients ... what the relations we have ... how can do all these things" "we review our performance at least every 6 months ... and what is our plan [directions] for the next 6 months ... our sugges tion go here ... Go there..." "always strong discussions between me, him, and the owner" "we wanted to go and divers ify"	"succeeded with the past decisions and now want to do more ... I have to find other sources to continue the projects for the company" "great growing interest in the market demand local engineering firms that cam do EPC other than our current field of business"	"we as management discussed issues and decided to take a different direction"	"we review our performance at least every 6 months ... and what is our plan [directions] for the next 6 months ... our suggestion go here ... Go there... what's in your mind cannot be the paper [formal plan]" "we had to find alternatives to [current business] as it will not sustain in the long term. Engineering is needed for the future"	"succeeded with the past decisions and now want to do more ... I have to find other sources to continue the projects for the company"	"have to take the company up now or go some where else"		"I tried [memorandum of unders tanding] with 4 companies but 2 failed.. Tried next with others who are not yet approved [by the main customer] ... then succeeded so far with a major partner [Bnd in its country with turn over of \$40 b annually]" "we did all the formalities"	"managed human resources utilization"	"there are always observations ... No one is perfect" "You come across all sorts of problems"	"successes so far with a major partner [advance position in the Formalization loop]"	
tape	SD 3.1	Add and invest on a new major h/w product line  "we want to improve performance, increase revenue"	"business has been in loss for many years" "business cope has been limited"	"we wanted to be specialized" "we willing to study every new opportunity ... we are open minded to grow" "I was discussing and asking why do not we integrate systems since we have the capability to do so"	"the major vendor acquired a major hardware company ... and demand has increased for an integrated solutions" "so we inherited the extended reseller certificate ... So it became feasible ... the vendor cared about optimization, which is the selling point" "we raised the question why do not we bundle the solution?"	"we wanted to deploy turn key solutions that combines software, hardware, and technology" "we want also to grow into hardware"	"we went to discuss about it"	"lvery enthus iastic about the decision and its results" "we received the full support of top management to make this happen"	"we went right away to the major vendor [as the market and time is pushing for this]"	"we identified and s et the required resources" "we structured the company to accommodate the change"	"we discus sed the direction with our major vendor" "we discus sed process, certification, prices ... " "It took us time to go to the certification process"	"we are now s elling both hardware and software" "fully utilized our resources" "support of the partner was very helpful"	"lengthy certification process had to be overcome" "competition has been going with very low prices which we need to face" "there is a learning on the ground" "awareness of the resources"	"the sales and results are very rewarding" "the revenue is almost doubled" "profits has increased and improve" "gained also a market share ... closed large deals" "achieved high level partnership"	
tape															

		Broad desire and espoused goals to grow and improve performance	Observing/Thinking, Value	Conversation/Thinking Value	Event-Performance, Market	Attention, Motivation	Qualify	Driving force	SD	Time	M=mobilize	F=Formalize	O=Operate
											Action - M	Action- F	Action- O
			Creation	Creation	Creation	Creation	Creation	Creation		Implementation	Implementation	Implementation	Implementation
tape	SD 3.2	Add and invest on a new particular major s /w product line from a new major partner	"there is a market for this product ... and it is developing quickly"	"trying to add to our portfolio another major line from another major vendor"	"there is a market for this product ... and it is developing quickly"	"wanted to catch the market quickly"				"wanted to catch the market quickly"  "but the partner [unexpectedly] required a huge investment from day one, while we are not ready or having a competitive edge"	"we started marketing to develop resources and everything"  "required huge investment in everything"	"did not reach to common agreement with the partner in terms of terms, support, resources, and investment"	
tape	SD 3.3	Acquire an established partner in a certain line	"we still have the outlook to grow revenue and products"	"alternatively, we thought about acquiring a good partner in the market with a good name"  "this can bring a quick success"	"there is a market that is untapped and asks for less expensive solutions"		"s'till going through the evaluation"	"we said we are serious in this business"			"found 2 partners so far"  "we identified resources and hired a certified consultant"	"did not reach to an agreement ... the door is still open"	[did not reach this]
notes	SD 3.4	Create a JV with an established partner in certain line	Continued to explore other ways to expand our business	So we discussed we needed to get to market quickly with minimum investment	Presence of a very suitable partner					needed to get to market quickly with minimum investment		Able to conclude a partnership agreement	Operating with no major issues were found to date
notes	SD 3.5	Add a new particular type of e-business	Continued to explore other ways to expand our business	Have been thinking about doing e commerce business	Have been thinking about and discussing doing e commerce business		Our key partner is very keen to launch a certain type of e-business and gave us full support					Concluded the agreement and the financial mode	Initial operations
tape	SD 4.1	Create JV	"we discussed the continuation of our business"  "at the end of the day we wanted to grow commercially .. Out net income"	"we look into the market and anticipate working with international companies to work with us or acquire us"	"it came after few years of negotiation and financial analysis and discussion"  "we went through many discussions"  "we took the input of our major customer"  "we discussed the impact on our resources"  "wen discussed it with the seniors and main employees"	"it was a commercial opportunity to grow the business and create a much bigger company"  "the opportunity came to us through our major customer with the right market conditions and circumstances"  "it was not foreseen as it is now"	[even though the opportunity came about from the major customer, both firms took it very seriously to make it happen as it was very expensive financially and other options are very limited]	"it came after few years of negotiation and financial analysis"	"we have allocated huge funds to conclude it and make it work"	"the main customer triggered the opportunity and change... . Need to respond on time, but it consumed two to three years to reach to the final product"	"we discussed the impact on our resources"  "it was a lengthy process ... we talked about everything .. legal, resources, offices, budgets, the people"	"we set the agreement, management structures, the responsibilities of each unit, levels of authority, expected returns, exits"  "It took a long to convince all parties to come to this conclusion as each had different goals and aspirations"	"we monitor performance regularly through daily and monthly technical and financial reporting, meetings,"  "we care about customer satisfaction and employee satisfaction"

		Broad desire and espoused goals to grow and improve performance	Observing/Thinking, Value	Conversation/Thinking Value	Event- Performance, Market	Attention, Motivation	Qualify	Driving force	SD	Time	M=mobilize	F=Formalize	O=Operate	P=solve problems for F and O	
											Action - M	Action - F	Action - O	Action - P	
			Creation	Creation	Creation	Creation	Creation	Creation		Implementation	Implementation	Implementation	Implementation	Implementation	Implementation
tape	SD 5.1	"the owners are looking for grow and better financial return"	"have been looking into and studying performance and results of the ongoing business"	"discussions were available but with difficulties in communications ... In creating a good environment"	"the consultant proposed restructuring the firm"	"there was an initial enthusiasm but level of analysis was not sufficient"	"there was an initial enthusiasm but level of analysis was not sufficient"	"there was an initial enthusiasm but level of analysis was not sufficient"			"weakness in creating a positive environment to foster and support change"	"created structures, jobs, responsibilities, authorities, business units, goals, and objectives ..."	"there was initial support but it turned very centralized rather than institutionalized"	"harmony related and differences caused a lot of problems"	"was not so successful"
tape	SD 5.2	"Creating a new company"	"the view of the top management was to do better and achieve a larger business"		"acquisition of multi million assets that lead to the success of a mega projects and creation of a new company"	"It was a new opportunity that we took advantage of"	"analyse the benefits of outsourcing rather than paying more through outsourcing to at least ten sub contractors"	"financial and resources support were very present"		"the CEO was very committed"	"came just on time to secure market share in the upcoming projects"	"huge investment in assets and resources were initiated"	"the structure of the company was fully established"	"financial and resources support were very present"	"the initial results that the management have seen was very positive and rewarding"
tape	SD 6.1	"Expanding to full agencies product lines"	"the owners and management always look for opportunities to strengthen their business and make more financial return"	"started to be affected by the severe competition"	"CEO and managers collectively discussed and had conversation on how to not lose against the competition"	"Information from the market was strong that some firms have just started introducing competitive products and started to take over market share"	"the market got the highest attention of the CEO and management to deal with the developing situation"	"a lot of information was collected and analysed over several years before we started to make changes on the ground"	"must take action ... competition is becoming high ... otherwise we will lose the market"	"this has developed over time [of observation and conversation]"	"identified the required material and resources and labs to meet the standards set in the agreements"	"completed agreements and company structures needed to execute the works"	"sales and marketing and all units are doing their day to day operations and duties"	"people and administration is causing some internal conflict related to incentives"	"sales and turn over figures booming more than expected"
tape	SD 6.2	"management thought to re engineer everything trying to improve the company and performance"	"CEO and some department managers and consultant with ideas form partners looked at the performance and thought that restructuring is a way to fix problems and improve"	"we had discussions to have a timely move to gain the market"	"this has developed over time [of observation and conversation]"			"a lot of the related restructuring decisions were changed or ignored [less commitment]"		"a lot of departments and staff resisted the change ... Signalling that it is not going to work"	"I think management did well to train people ... but I think it was not enough"	"I think if there was well preparation on the ground, there will be no backfire"	"some way it did not work"	"a lot of problems at the personal level and the work level"	"[did not succeed. Exist at operation and problems stage]"

		Broad desire and espoused goals to grow and improve performance	Observing/Thinking, Value	Conversation/Thinking Value	Event- Performance, Market	Attention, Motivation	Qualify	Driving force	SD	Time	Action - M	Action- F	Action- O	Action- P	
			Creation	Creation	Creation	Creation	Creation	Creation		Implementation	Implementation	Implementation	Implementation	Implementation	Implementation
notes	SD 7.1 Expand the distribution network country wide	we need to do better	Business was ok but management realized through performance review since few years that we need to do better  There was a review of causes and issues and one major issues was the distribution network  The largest distributor has not been active in expanding and growing	We demanded to invest and grow but results are not as hoped to be  Discussions were done to take the next move and verify the consequences	New competitors are about to enter into the market and create high risk		Discussions were done to take the next move and verify the consequences					We have been going through a lot of meetings to recruit capable distributors  We managed to recruit partial after a long time but efforts are still going on to recruit more	It was successful so far (enablers were mentioned)	There were difficulties which we are managing	positive results so far
notes	SD 8.1 Creating a new company	Management always think about ways to grow the business and become more profitable	Real estate business is booming and demand is rising sharply  Other competitors are going in that direction and an immediate action is needed	We have been thinking about adding a new business line dedicated to real estate  Funds are available and registration takes just few days	Other competitors are going in that direction and an immediate action is needed	Other competitors are going in that direction and an immediate action is needed	Expected financial returns are very positive	Company was put into operation immediately		act immediately		Company was created	Company was put into operation immediately  The company started its operations and managed to grow 3 folds in just 5 years		successful so far  3 folds growth
notes	SD 9.1 Create a JV	We have already in mind to expand our business and grow	We have already in mind to expand our business and grow  Came to our knowledge that a company we were thinking about is looking for a partner to collaborate with	We need the technology to acquire market share and we know where to go  We met and discussed the opportunity and made initial feasibility study			We met and discussed the opportunity and made initial feasibility study			It was the right time to move	We met and discussed the opportunity and made initial feasibility study	We agreed on terms of the agreement and created the JV	We started operations with some problems, which we managed to solve	We started operations with some problems, which we managed to solve	Successful results
notes	SD 9.2 Acquire a company		Our business was successful and became a group of multiple lines	We were thinking to expand one line and acquire the needed technology and is looking for growth  We had the funds but we need to search for the right partner  We analyzed the case and found it feasible	We came to know about the presence of a key company that can be potentially has the technology	We came to know about the presence of a key company that can be potentially has the technology	We analyzed the case and found it feasible		We came to know about the presence of a key company that can be potentially has the technology	everyone is attending to the creation of the acquisition	We negotiated the deal but could not agree  We are still trying to conclude the JV with another partner	[still in the F stage]	We negotiated the deal but could not agree  We are still trying to conclude the JV with another partner  [still in the F stage]	[still in formalization loop]	

A readable sample extracted from the above overall master table image:

	<b>Broad desire and espoused goals to grow and improve performance</b>	<b>Observing/ Thinking, Value</b>	<b>Conversation/ Thinking Value</b>	<b>Event- Performance, Market</b>	<b>Etc..</b>
		<b>Creation</b>	<b>Creation</b>	<b>Creation</b>	
<b>SD 1.1</b>  Buy an existing and running factory	"in 2003 2004 our management wanted to grow..."	<p>"nobody can stay where he is ... either you have to grow or you have to be back" ... cannot stay where you are"</p> <p>"you always look at the market and do your best to do the best understanding and judgement with the anticipation of good results"</p> <p>"we always learn, and management has the flexibility to change"</p>	"you always look at the market and do your best to do the best understanding and judgement with the anticipation of good results"	<p>"market is growing"</p> <p>"prices are jacking"</p>	

<b>SD 1.2</b>  Merge	"we want to improve the company"  "the aim of the company is to increase profit"	"they are working in the same field and the right partner"  "the economy was booming ... raw material prices were jacking"  "we noticed other companies have defaulted ... 80% of product is material if material increase 3 times, the company is gone"	"then we said Ok we go and merge"  "we do not have a one man decision"  "senior management now through proper delegation spend less time on day to day operations and spend more time on thinking and managing, expansions" [strategic matters]  "all managers participated in the analysis"  "we brought people from down to talk"	"the economy was booming"  "the demand was huge"	
<b>Etc..</b>					

A readable sample extracted from the above overall master table image

		M=mobilize	F=Formalize	O=Operate	P=solve problems for F and O	
SD	Time	Action - M	Action- F	Action- O	Action- P	Results
	Implementation	Implementation	Implementation	Implementation	Implementation	Implementation
		<p>"people need to know there is a change and comprehend that change"</p> <p>"the most important element is humans, training, education, convincing people that there is a change ... "</p>	<p>"it did not succeed because we did not give it to the right team to conclude this transaction .. We did not find the right partner"</p> <p>"first we tried to buy out buy a new factory ... we were not able to buy that factory"</p>	[did not reach to this stage]	[did not reach to this stage]	"it did not succeed"

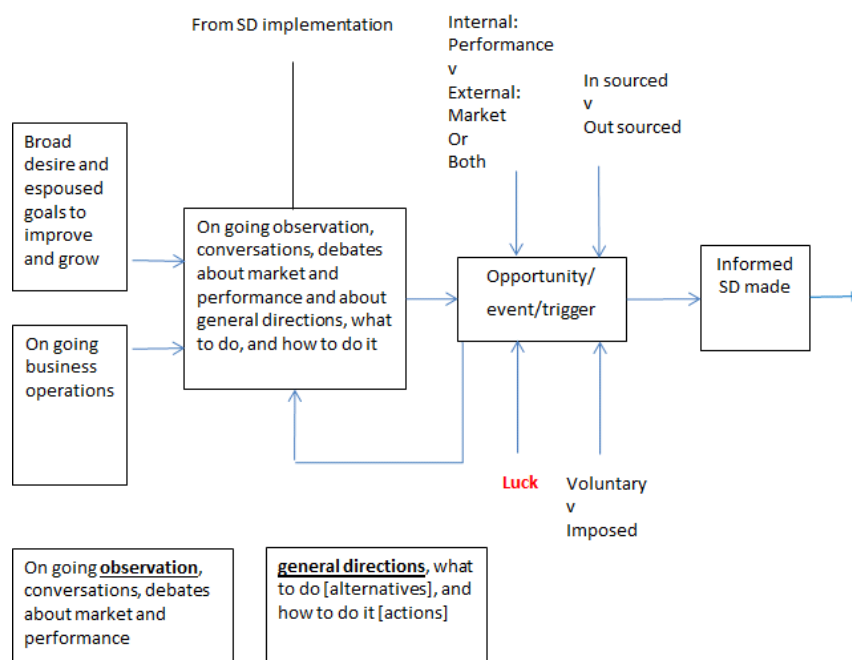
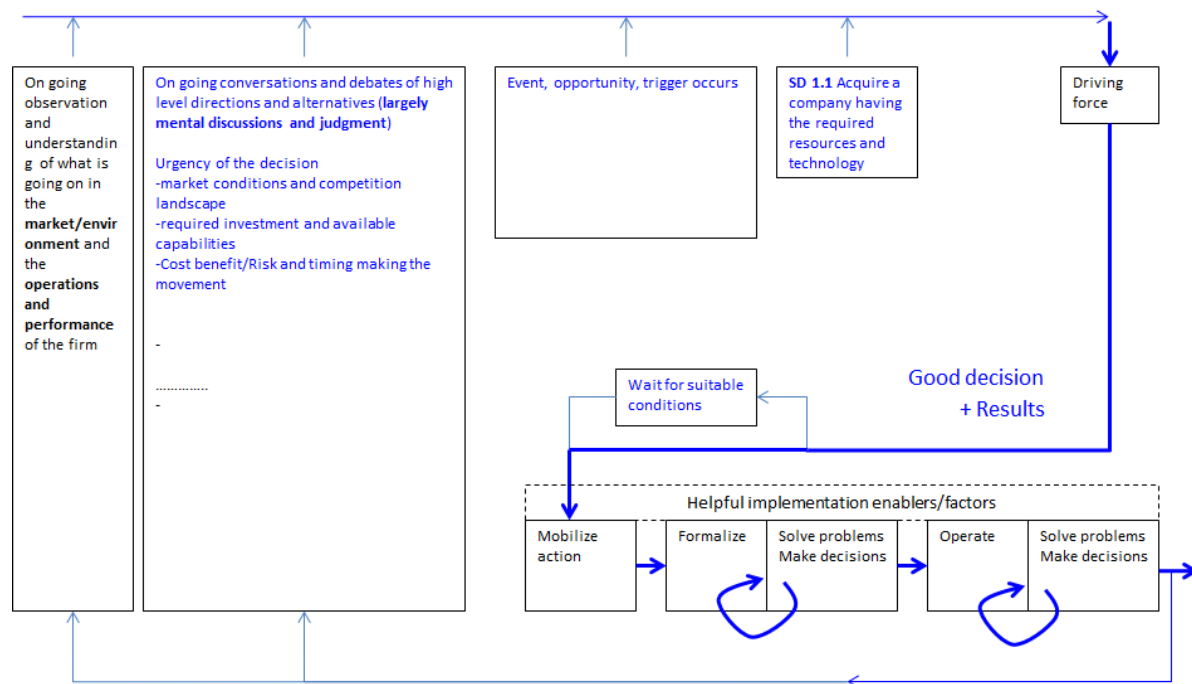


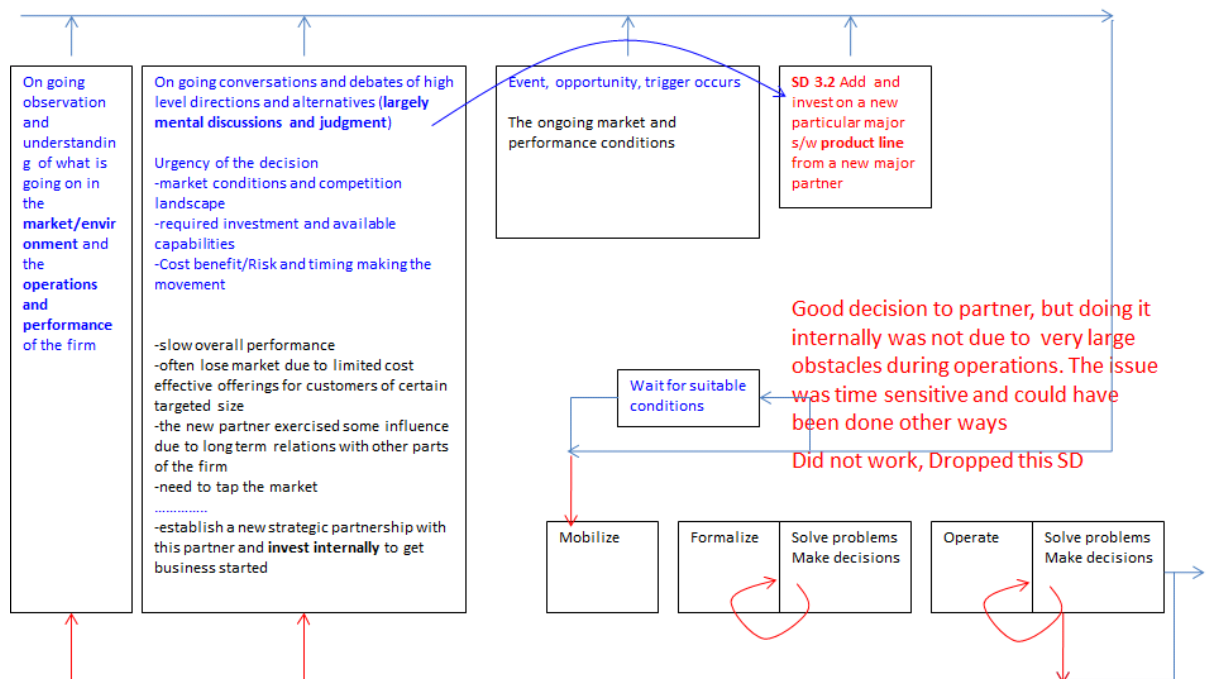
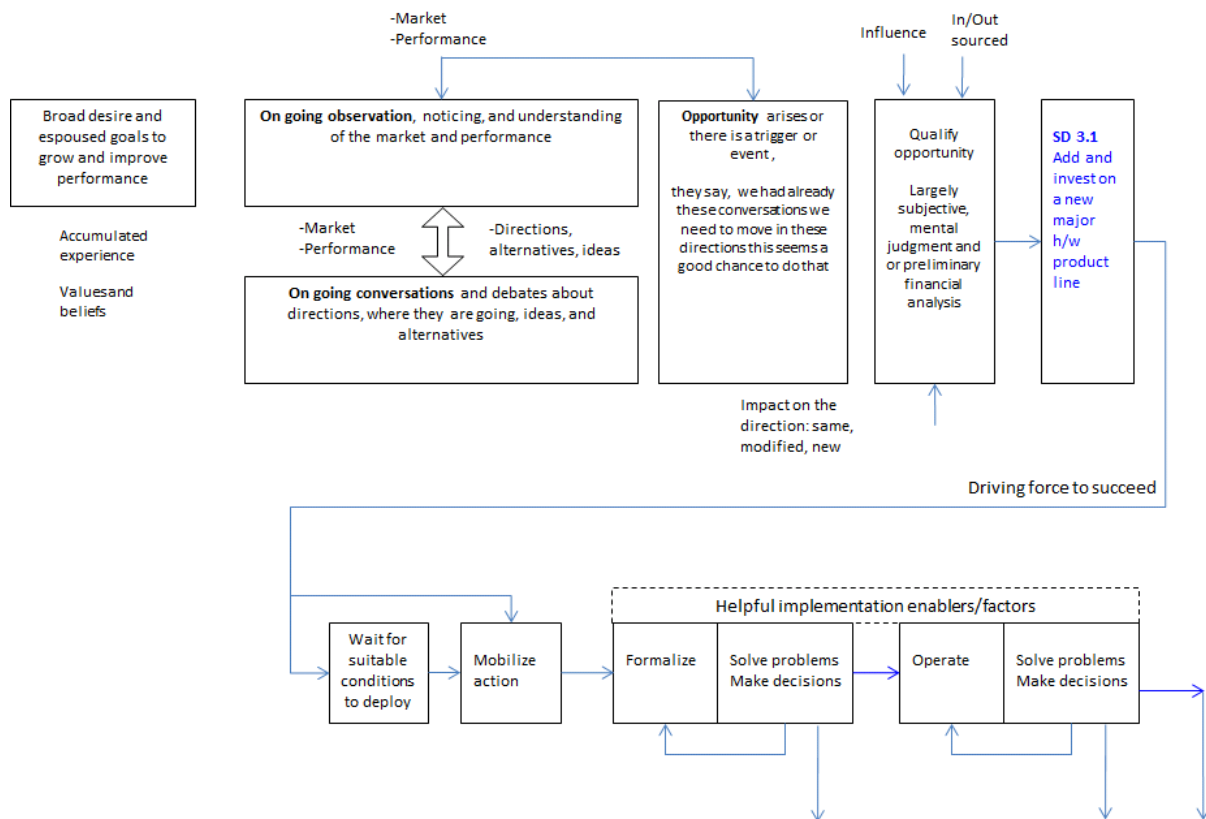
	<p>"we decided to postpone old orders and handle new orders [until prices come back to normal]"</p>	<p>"you have to spend money to get the right people"</p> <p>"you have to structure .. pay attention to replace and get the right experience"</p>	<p>"we found a partner in which there is synergy"</p> <p>"the we have completed the merge"</p> <p>"you have to search for people who believe in your business"</p> <p>"you need new rules and policies and things"</p>	<p>"that was a success story with a lot of difficulties"</p> <p>"if you cannot manage well the relationship ship, it can ne negative impact"</p> <p>"we care very much about the partner"</p> <p>"we managed and decided to agree wirh the customers to postpone old orders and handle new urgent and profitable orders"</p>	<p>"we found surprises ... the good thing they were in our field in our area ... so basically we were able to fix it"</p> <p>"there were problems of licensor, planning, production, material purchasing, financial controls ... not easy but clear to us what to do"</p>	<p>"we were able to fix the problems and show the profit .. Show the results financially"</p>
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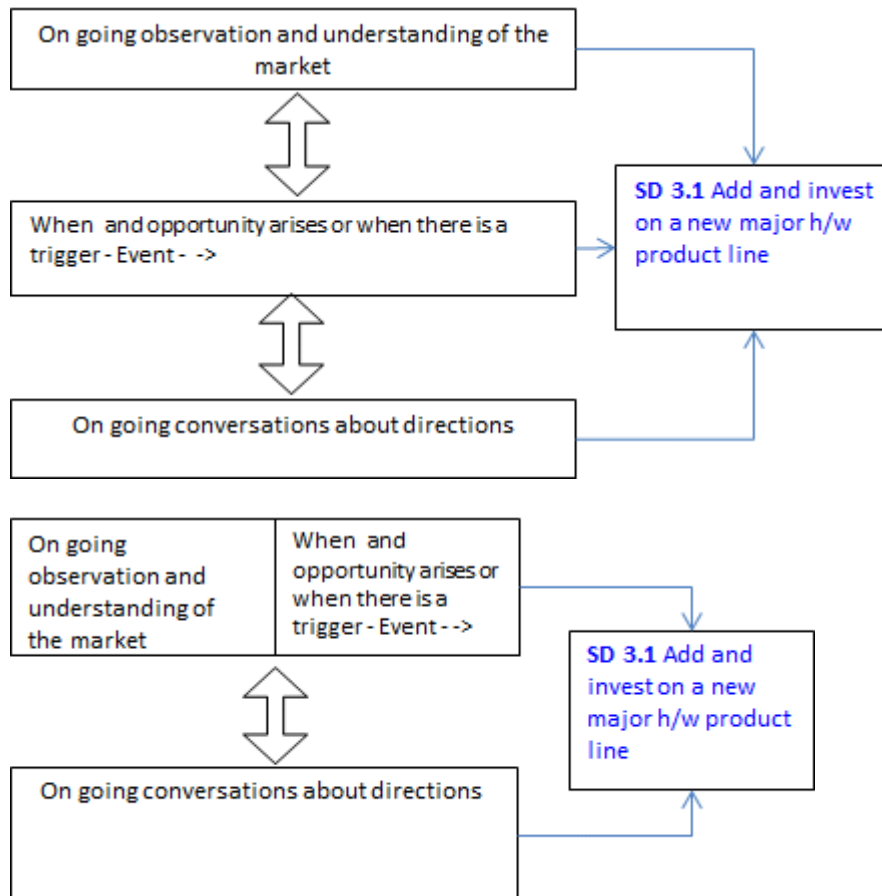
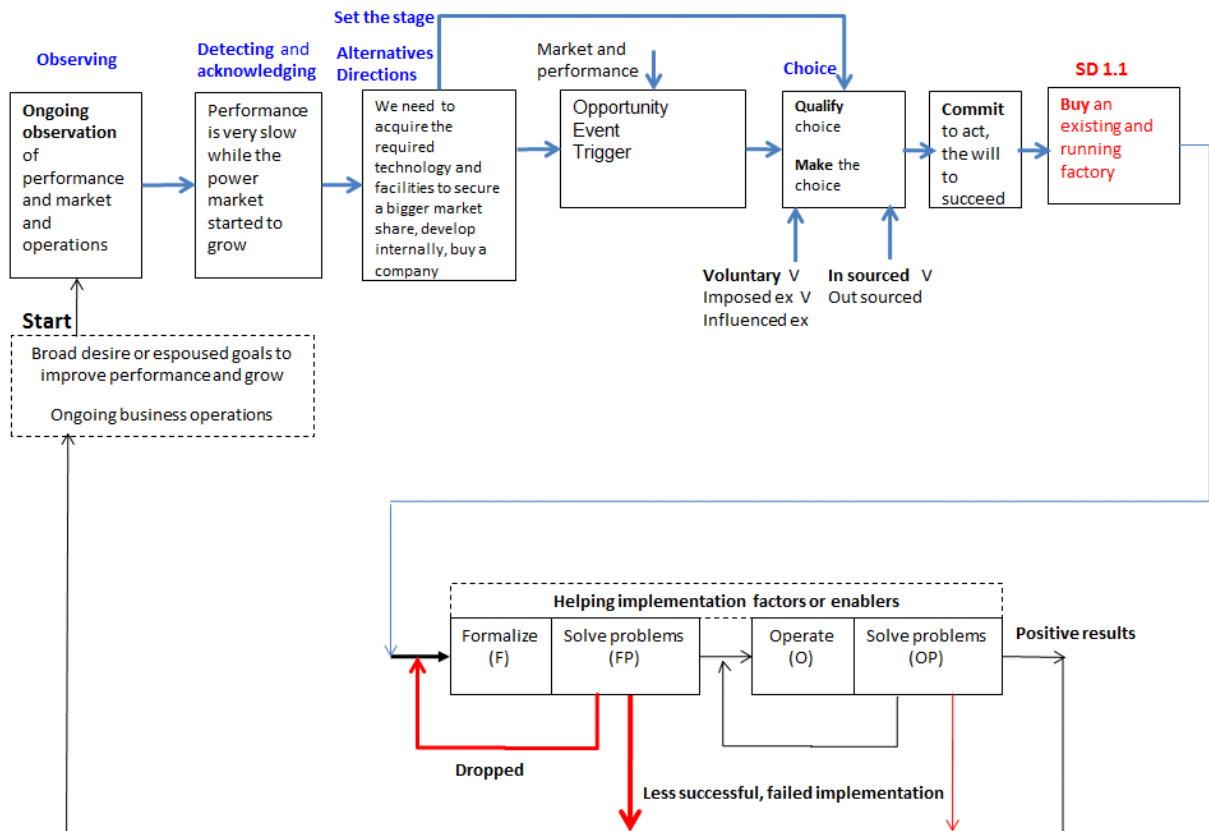
<p>"it took us along time to convince them we are the right partner"</p> <p>"if you do not proceed now, we will lose the market"</p> <p>"we discuss our directions ... but do not go until we have time"</p> <p>"we do not go to the next stage unless the problems are fixed and start to show results"</p>	<p>"started to search for a JV partner"</p>	<p>"convince [high tech partner] to come"</p> <p>"we need to have the financial control, we need to have the majority"</p> <p>"It was difficult, the partner was bought by another company [that they do not know well], our request faced rejections, but we know this is the right partner" ... it took us along time to convince them we are the right partner"</p> <p>"we have done all required legal issues"</p> <p>"we have the right structure and financial orientation of management"</p>	<p>"it is going on under construction with some difficulties"</p>	<p>"with some difficulties"</p> <p>"we fixed all our administration and organizational issue"</p> <p>"we do not go to the next stage unless the problems are fixed and start to show results"</p> <p>"still facing day to day operational problems ... you have to solve it"</p>	<p>"with initial successful results"</p>
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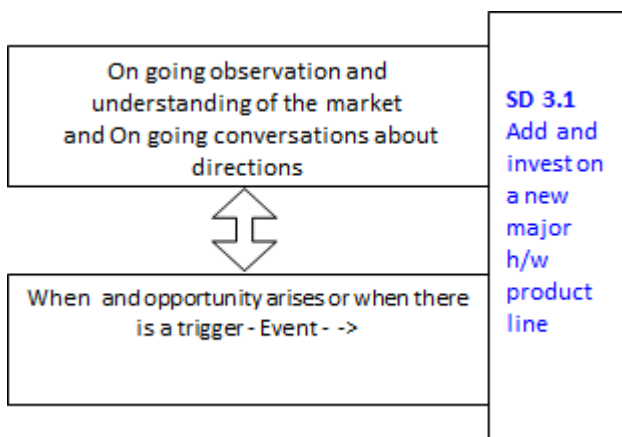
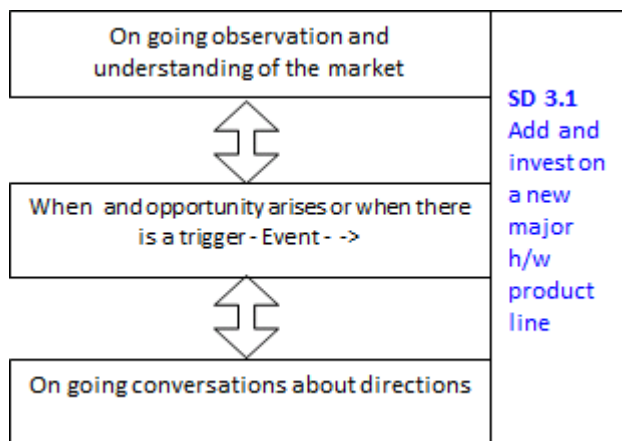
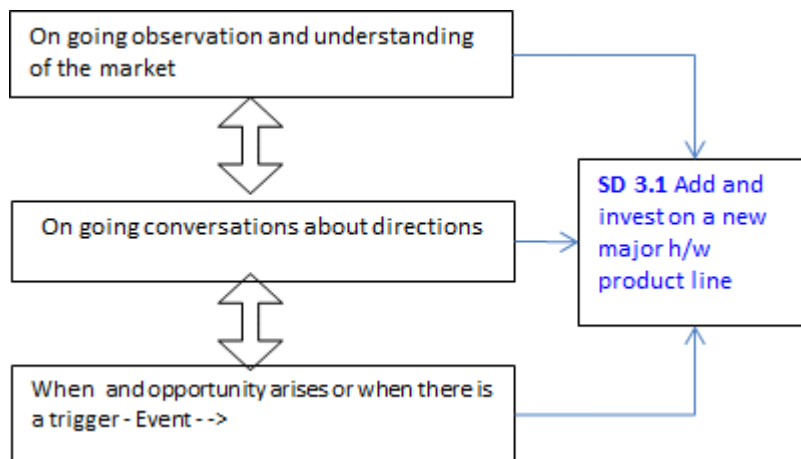
## Appendix O In progress iterations and renderings representing SD's creation and implementation in P2

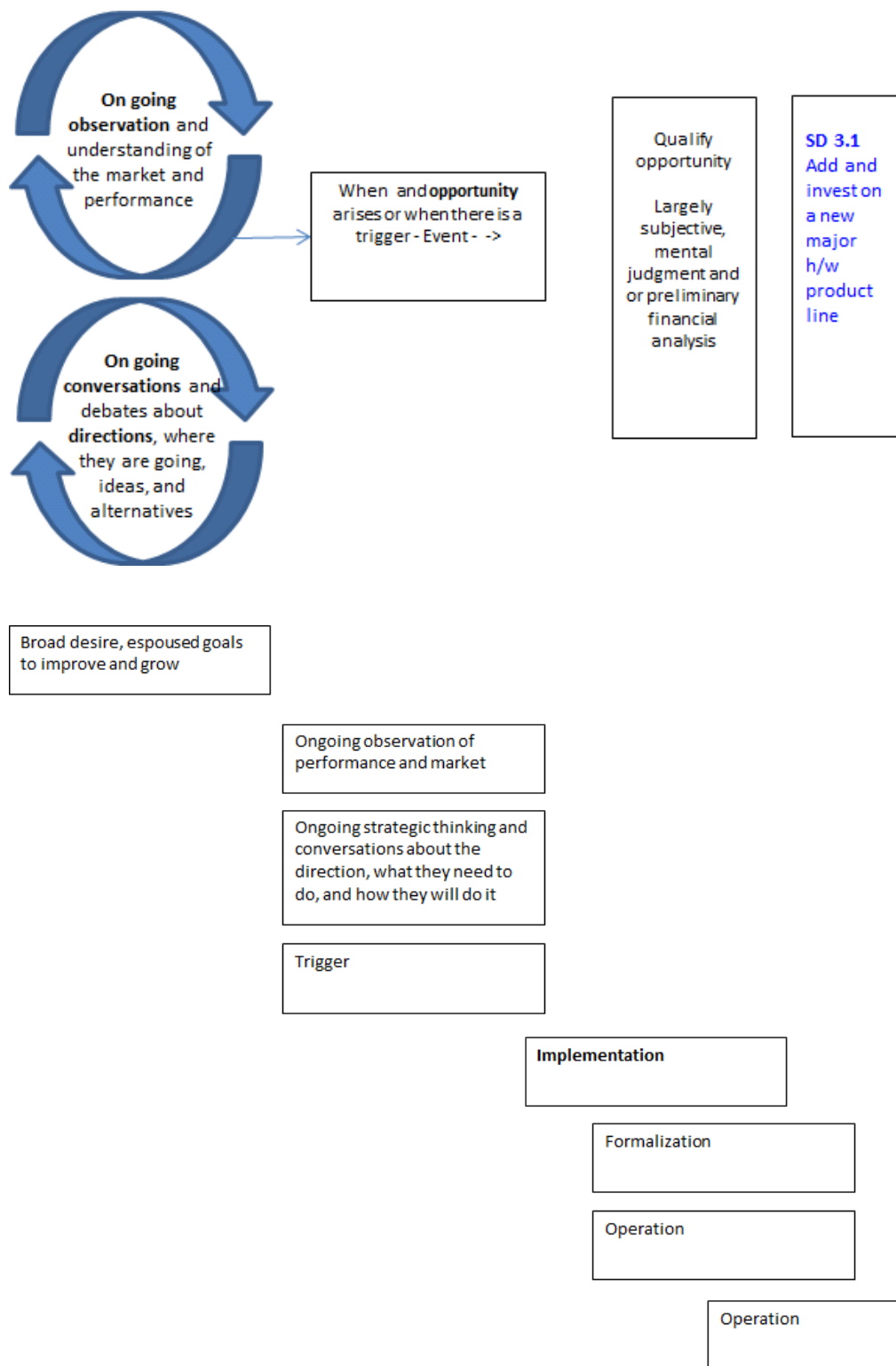
The following images illustrate the various early drafts that I was rendering in order to arrive at a representation the can describe the process graphically better.



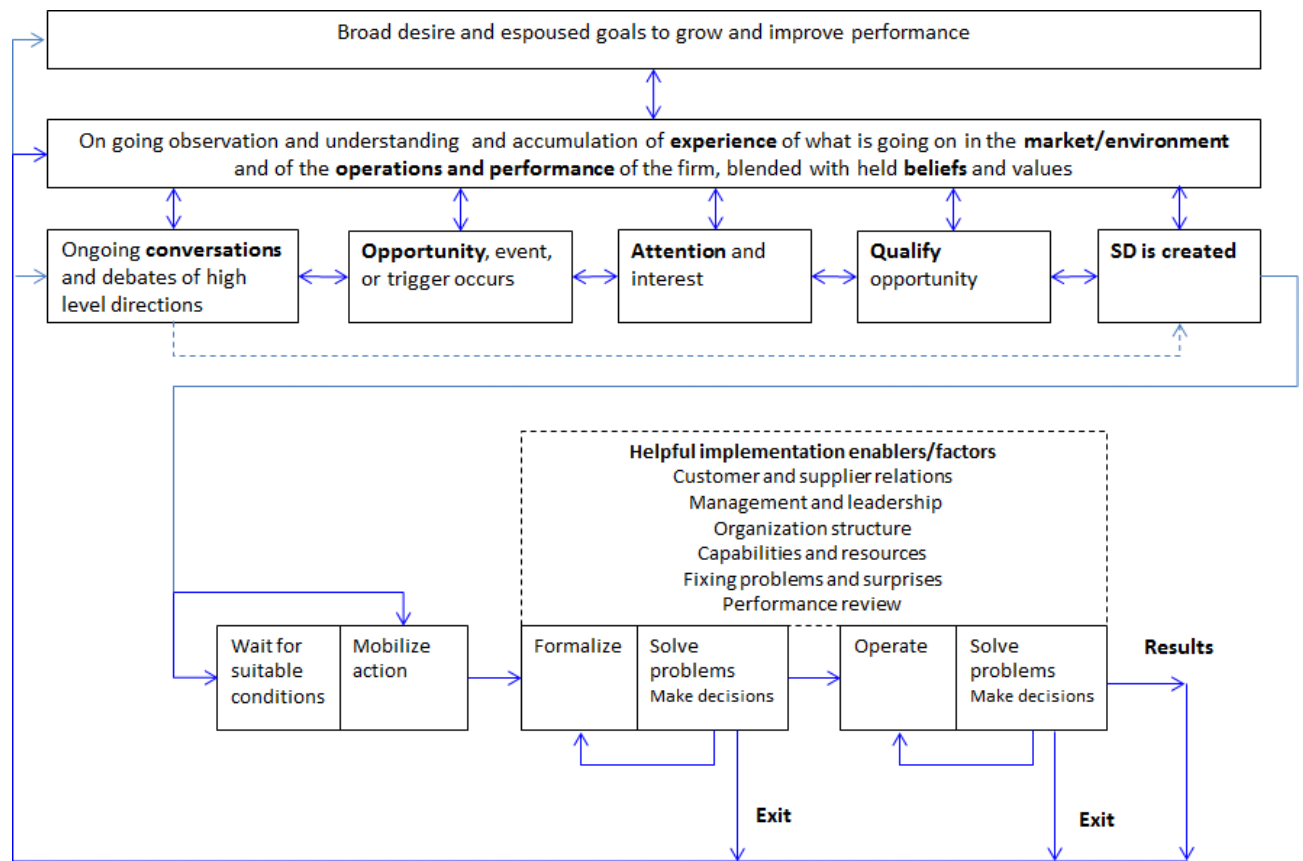








## Appendix P The SDCI process or framework in P2





# **Appendix Q PMA 2014 Conference – Abstract of the published paper: Strategic decisions creation-implementation process: An empirical study**

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## **Abstract**

**Purpose**– This paper proposes an empirically grounded strategic decisions creation-implementation (SDCI) process. This paper presents the process and discusses it through the sensemaking perspective lens.

**Design/methodology/approach**–The paper employs a case study strategy. The data were collected through semi-structured interviews with senior executives of established medium to large firms. The protocol included general demographic questions and open-ended and follow-up questions about the strategic decisions that the interviewees have recently made and implemented. Data analysis was performed through the Analytic Induction procedure, which was deemed appropriate given the complexity of the social phenomenon under investigation.

**Findings**– The study develops a holistic process of creating and implementing strategic decisions, showing that such processes are not as highly prescriptive, rational, step-wise, or formulaic as it has been widely thought of in the prevailing strategy literature for decades. In fact, data have illustrated the iterative nature and strong interplay between decisions on one hand and action or implementation on the

other. The study has positioned the holistic SDCI process as a middle ground between two extremes in strategy literature: highly rational and highly reactive. Because the elements of these processes rely heavily on managerial and organizational cognition (MOC), the findings were interpreted through the sensemaking lens. The results of using sensemaking were astonishing for the striking alignment and parallel between the SDCI process and sensemaking perspective. Consequently, the SDCI process was altered and elaborated using the related sensemaking terminology, which increased its explanatory power and improved the potential for application.

**Research limitations/implications**– The study is qualitative and accordingly its findings are not readily generalizable. However, this can be partially mitigated by conducting future research that may seek to collect data from other types of organizations in different contexts for comparative purposes. Also, new data can be collected to address the role of language and power in creating and implementing strategic decisions.

**Practical implications**– The study calls for employing a different view for creating and implementing strategic decisions using an empirically grounded, holistic SDCI process. This sensemaking-based process can be used to understand and diagnose strategic decisions and uncover relevant creation and implementation issues. This can be used to improve creating and implementing strategic decisions and eventually improve the overall performance of the organization.

**Originality/value**– The paper steps away from the focus on highly prescriptive, overly rational, and formulaic models for strategy development and implementation. Instead, it outlines a holistic process of how strategic decisions are made and offers a more nuanced view of strategic decision making in organizations. As such, this paper responds to the need of managers to understand how strategic decisions are created and implemented and extends the conversation on strategic decision making in the strategy execution and performance management literature.

**Keywords** Strategic decisions, creation, implementation, sensemaking

**Paper type** Research paper

## **Appendix R Interview protocol - Understanding the SDCI process by practitioners used in P3 part 2**

### **Interview Protocol**

First of all, thank you very much for participating to this research.

I am pursuing my doctorate at Cranfield School of Management in UK and this interview will help me explore the extent to which the proposed SDCI process can be communicated to and understood by the executives and SD makers.

The interview will be taped and will be dealt with at the highest level of confidentiality. Here is a Letter of Confidentiality that is signed by me and assures the maximum confidentiality of the interview as per the research ethics guidelines set by the university.

In this interview, I will present and explain the SDCI process then ask open questions related to presented process. You can ask any time to clarify any question. Also, you have the right to stop or cancel the interview.

The aim is to explore the clarity and understanding of the SDCI process by executive and management team. At the end, I will ask some general demographic questions and conclude the interview.

The interview might last around 1 hour, but should not exceed 2 hours.

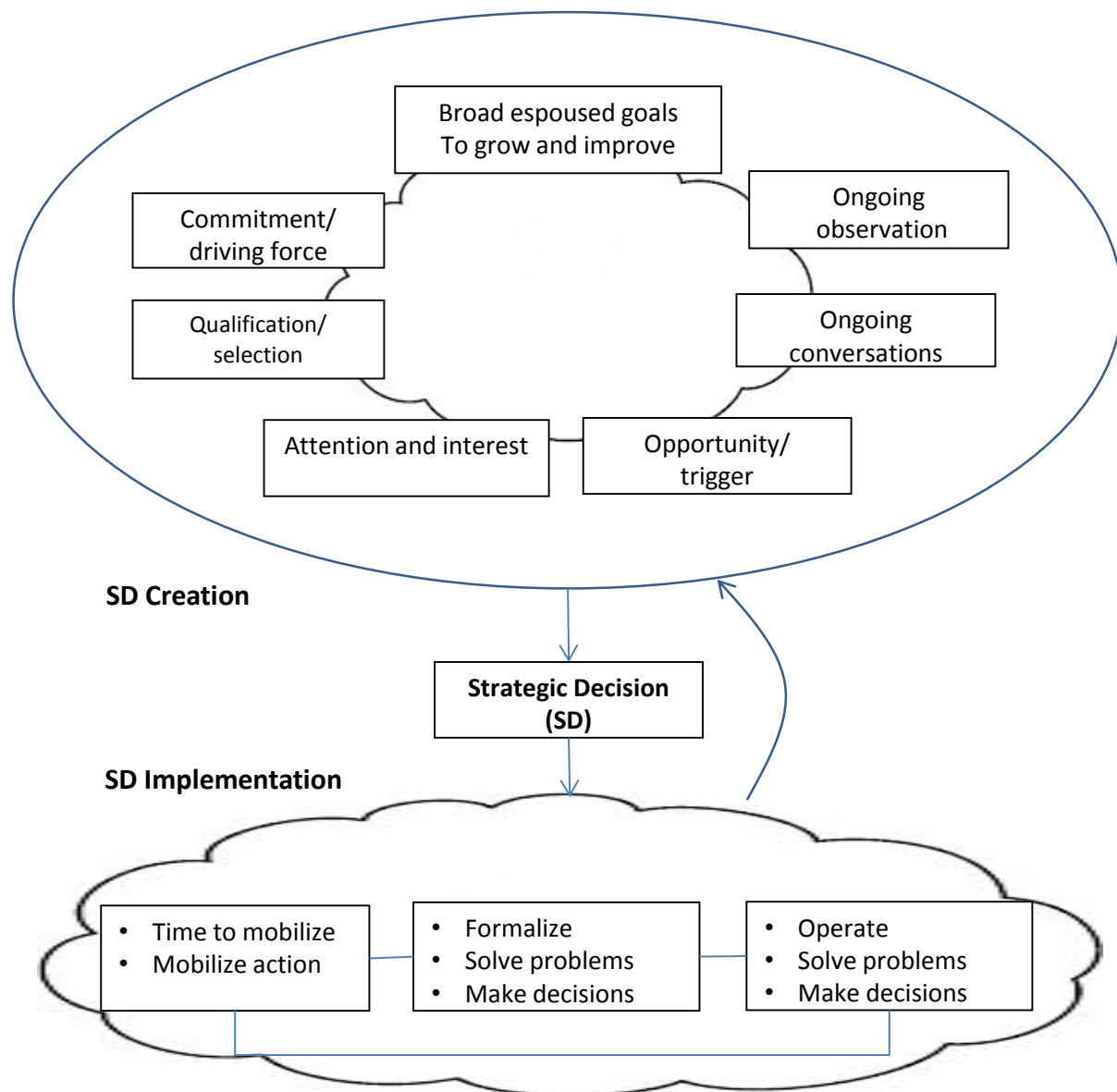
1. Present (and its questions) for the 1<sup>st</sup> (pilot), 2<sup>nd</sup>, and 3<sup>rd</sup> firms
2. Tell me about your understanding of the process
3. How it is clear and easy to understand?
4. How does it resonate with what you do?
5. How similar or different it is from your practices?
6. In what way or aspects or elements, if any, it might change the way you create and implement SD's?

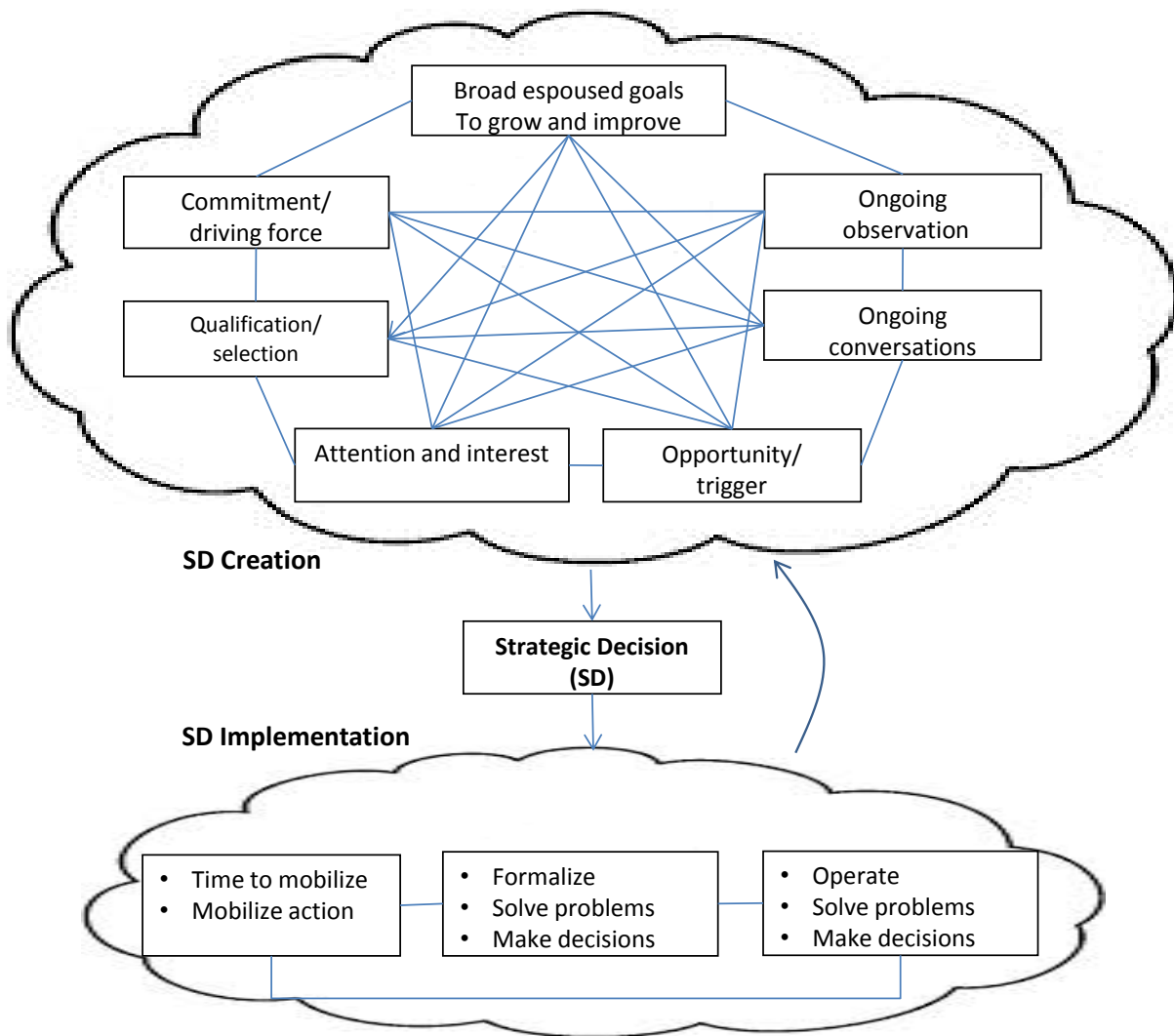
Do 1 to 4 above but also give the chance to have each question commented on or elaborated further by the 4<sup>th</sup> and 5<sup>th</sup> firms

## Demographic question

- Nature of business and business sector
- Type of company – proprietorship, private company, incorporated, JV,
- Size of company- employees, revenue, geographic presence
- Years since establishment
- Position in your company- executive/top management, middle management
- Education- graduate of and from

## Appendix S Other SDCI representations used in P3 part 2





## Appendix T Original set of SDCI process diagnostic tool or checklist of questions in P3 part 2

SDCI element	Description	Questions
Broad desire and espoused goals to grow and improve performance	Espoused goals to improve performance of the firm and grow. These are at the back of the minds and heads of the executives	Do you have high level, espoused goals to improve performance and grow?  Note: This question is assumed to be naturally in place in the mind of the executive and management team, but it is posed exclusively here for the completeness of the process.
Ongoing observation and understanding and accumulation of experience (past or <u>frames</u> and current or <u>cues</u> ) of what is going on in the market/environment and of the operations and performance of the firm, blended with held beliefs and values	Observation and understanding and accumulation of experience of what is going on in the market/environment and of the operations and performance of the firm. The marketplace is continuously scanned and the firm's performance is continuously monitored  It is <u>ongoing</u> , a sensemaking property, because it is a <u>continuous</u> flow of <u>moments</u> and <u>events</u> .  The executives operate in a very fast <u>changing</u> and <u>continuous</u> intense competition that increases uncertainty and unpredictability. So, the executives need to <u>notice</u> and keep searching for current or new <u>cues</u> to	Do you continuously observe and scan the market?  Do you keep searching or looking for and noticing cues or events in the market?  Do you make sense or understand these cues and what is going in the situation or market?  Do you retain and accumulate relevant experiences?

	help them <u>understand</u> and <u>make sense</u> of the <u>situation</u> or what is happening internally and externally.	
Ongoing interactions, conversations, interpretations, and debates of high level directions	<p>Continuous and up to date, informed conversations and debates about high level directions set that guided a search for ways to respond. These conversations are blended with held beliefs and values and accumulated experiences. General directions include what to do and how to do it.</p> <p>Even though the environment and cues were interpreted in a certain way through the eyes of the senior executives of on firm, there was a continuous conversation about the meaning and understanding of the related events. There was no ambiguity or unclear meaning for the SD's. There was no room to misinterpret their meaning.</p> <p>It is <u>ongoing</u>, a sensemaking property, because it is a requirement to keep abreast with current and new moments and events and maintain real time information and <u>understanding</u>. The executives <u>meet</u> and <u>interact</u> and discuss information, and issues. They try to <u>meld differences</u> and reach into <u>collective understanding</u>. They use <u>memory</u> and <u>experience</u> and <u>values</u> and <u>beliefs</u> or past <u>frame</u> of mind to discuss and <u>understand</u> and <u>reason</u> about new developments. They <u>share</u> and</p>	<p>Do you conduct conversations and interact continuously to share, discuss, and debate events, ideas, information, and issues?</p> <p>Do you make use of your experiences to understand, reason, and interpret the related events</p> <p>Do you try to meld differences to reach to satisfying meanings</p> <p>Do you have high level, general directions that can guide ways to act and respond to the situation or market?</p>



	articulate information and understanding. They <u>Interpret</u> information and reach a <u>satisfying</u> meaning. They <u>argue</u> for and <u>enact</u> a meaning	
Opportunity, event, trigger, cues, or stimulus occurs	<p>An opportunity or event that triggers thought and action. Opportunities can be along the same lines of the general direction or similar directions or giving rise to new directions.</p> <p>The new <u>signal</u> or <u>cue</u> or <u>event</u> or <u>stimulus</u> that gets into the executive's way while they are observing and interacting. It <u>triggers thought and action</u>. They <u>select</u> a choice for meaning and <u>expect</u> a consequence for it.</p>	Do you notice relevant events, opportunities, signals, or cues along with your current or possibly different or new directions?
Attention and interest triggered <u>Arousal, emotion</u>	<p>Up to date market information captures the attention of the executives and top management and becomes a key subject matter in meetings and discussions. It becomes interesting and start getting more information about it</p> <p>The executives do pay <u>attention</u> to what matters that captures their interest. <u>Arousal</u> triggers <u>emotions</u> behaviour which develops to pay more attention.</p>	Do the new relevant events, opportunities, signals, information or cues simulate interest and attention to possibly trigger new meanings, understandings, directions, or actions?
Qualify opportunity (Selection) Plausible, Satisfying Theory of action schema or frame with assumptions, presumptions	<p>New information is processed and analysed largely mentally and judgmentally, supported with preliminary financial or feasibility analysis or due diligence as needed.</p> <p>The new idea becomes more and</p>	Do you process and analyse the new information and the feasibility of the new opportunities preliminarily or due du

	<p>more convincing.</p> <p>The executives <u>test choices</u> and alternatives. They use past <u>experience</u> and memory and employ a <u>theory of action</u> or a <u>frame</u> or a <u>schema</u> with assumptions to articulate a <u>shared</u> or <u>plausible</u> or <u>satisfying selection</u>. Despite the due diligence done, <u>accuracy</u> is not always attained and issues can still arise. <u>Learning</u> from past mistakes and <u>experience</u> can reduce future mistakes and issues. Power can be one possible factor.</p>	<p>diligently based on the situation?</p> <p>Do you employ your learning and experiences to develop and articulate plausible or satisfying selection or direction and the same or possibly different or new directions?</p>
<p>Commit to plausible selection (Retention- solidity, faith, motivation, driving force)</p>	<p>Internal force is generated to drive them to adopt the choice and make a decision and follow it up and follow through its implementation. This is added as a step to the process for its importance rather than keeping it as a note (driving force) in the description</p> <p>The choice is confirmed and gains <u>solidity</u> and <u>retention</u> as the executives build more <u>confidence</u> and <u>faith</u> in what they understand and need to act. <u>Commitment</u> and <u>motivation</u> builds up to make the decision and realize it.</p>	<p>Do you confirm and have strong enough faith, solidity, internal force, driver, and motivation to commit to the selection and realize it?</p>
<p>Make an SD (utterance)</p>	<p>The SD is informed by all the on-going strategic thinking and arising opportunities, giving it a driving force to succeed in its implementation. This driving force minimizes uncertainty and enhances the chances of success. It is still largely verbal or mental at this stage</p>	<p>Is the uttered, articulated, and made SD informed by all the on-going strategic thinking and arising opportunities?</p>

	Here, executives finally <u>utter</u> and make the decision.	IS the SD backed by the necessary driving force and power to commit to and realize?
Wait for suitable conditions	<p>Taking actual and practical action requires the right circumstances such as level of required investment virus risk. Cost and benefits are weighed</p> <p>The executive do not rush to <u>action</u>. They <u>think</u> and look for the <u>right time</u> and circumstances and <u>situation</u> to take real or <u>creation action</u>. The decide when to <u>start or stop</u> the action or when to <u>abandon or postpone</u> an action</p> <p>that will be needed to proceed. This also includes determining a timeframe for implementation</p>	Are the right circumstances, situation, cost, benefit, risk, timing, and other situational factors considered to action the SD?
Mobilize action	<p>Executives and top management demonstrate dedication to turn the decision into reality by mobilizing for action. This includes determining the key players who will take the first practical actions and the main resources that will be needed to proceed. This also includes determining a timeframe for implementation</p> <p>Executives and top management demonstrate dedication to turn the decision into reality by mobilizing for action. This includes determining the key players who will take the first</p>	<p>Are the key SD internal and external players and partners participating in the execution of the SD determined, informed, directed, allocated, and motivated?</p> <p>Are the required resources to execute the SD identified and allocated?</p>

	<p>practical actions and the main resources</p> <p><u>Creation action</u> starts. Executives <u>interact</u> with others and give directives for the involved people to <u>make things happen</u>. They start to <u>operationalize</u> the SD.</p>	
Formalize	<p>At this stage, related resources will engage in activities related to turning the verbal decision into formal and documented one. This includes preparing and concluding contracts, agreements, partnerships, business models, and formal structure and job assignment</p> <p>The executives use <u>language</u> and <u>words</u> and other <u>symbolic</u> artefacts such as papers, records, contracts to act a <u>resource of sensemaking</u> and maintain a <u>shared meaning</u> in the <u>context</u> in which the SD was made and will be implemented</p>	<p>Is the SD clearly and properly formalized in terms of the necessary documentation, records, agreements, contracts, organization structures, and job assignments?</p>
Operate	<p>The formalized SD is put into production by operating all the related business aspects such as production planning, logistics, procurement, sales and marketing, human resources, management, and leadership</p> <p>The executives and firms engage in real life <u>experiences</u> as they <u>manipulate and operationalize</u> the SD'. They <u>interact</u> and <u>communicate</u>. They <u>build experience and confidence in what they do through trial-and-error and adjustments and improvements to</u></p>	<p>Are the related functions and departments put into production</p> <p>Are the operations properly planed, scheduled, directed, managed, and lead?</p> <p>Are the related partners and parties clearly and actively communicating,</p>

	<u>fit between firm and environment</u>	<p>interacting, and discussing issues?</p> <p>Are the related partners and parties actively learning, experiencing, responding, and adjusting to changes in the environment?</p>
Solve problems and Make decisions	<p>Virtually all SD's face problems and issues during various stages of implementation. Some of the problems are surmountable and the SD's start to give positive results and some SD's stay in a loop longer time, and some SD's exit the loop and end.</p> <p>Despite of the fact that the executives had strong confidence in the SD's, they were accepting the fact that problems can arise and that they should deal with them.</p> <p>Decisions and <u>actions</u> are based on what is <u>conceived</u> as <u>plausible</u>, rather than <u>accurate</u>. Actions are taken and are expected to have issues and problems. So, performance and <u>experience</u> is built though trial-and-error and adjustments and improvements to fit between firm and environment.</p> <p>All the feedbacks and results: <u>Adjust</u>, <u>Justify</u>, <u>Confirm</u>, <u>Enlarge</u>, <u>Alter</u>, <u>Fit</u></p>	<p>Are the arising formalization and operations problems identified and acted on?</p> <p>Are the accumulated experiences employed to deal with the problems</p> <p>Are operational decisions made and executed to fix the problems</p>

	<p>Despite of the problems, they do not regret making the decisions because they believe that they have taken the necessary '<u>right and plausible</u>' measures and have <u>faith</u> charged with driving <u>emotions</u> to try to make it.</p> <p>Information is in abundance and senses are limited and <u>rationality is bounded</u>. Therefore, arguments and decisions follow plausibility and expect facing problems and issues during the operations stages.</p>	
Results and feedbacks	<p>The SD's were made to the best of the available information and knowledge about the internal and external environment. They were open to learn throughout the execution and fix the problems as they go. They do not regret the decision because they believe that they have taken the measures to create them.</p> <p><u>All the feedbacks and results: Adjust, Justify, Confirm, Enlarge, Alter, Fit</u></p>	<p>Are you open to learn from the ongoing experiences and results?</p> <p>Are the accumulated experiences actually used and utilized to enhance your underrating of the operations and environment and help improve the decision making and execution process?</p>

## Appendix U 1st refinement of SDCI diagnostic tool or checklist in P3 part 2

SDCI element	Questions
<b>SD Creation</b>	
Broad desire and espoused goals to grow and improve performance	<p>Do you have high level goals to improve performance and grow?</p> <p>Note: This question is assumed to be naturally in place in the mind of the executives and management team, but it is posed exclusively here for the completeness of the process.</p>
On-going observation and noticing and understanding and accumulation of experiences of what went and what is going on in the market, and observation of the operations and performance of the firm, all blended with held beliefs and values	<p>Do you continuously observe and scan the market?</p> <p>Do you keep searching relevant signals or events in the market?</p> <p>Do you understand these events and make sense of what is going in the market?</p> <p>Do you retain and accumulate relevant information and experiences from these observations?</p>
Ongoing interactions, conversations, interpretations, and debates of information and high level directions	<p>Do you conduct conversations and interact continuously to share, discuss, and debate events, ideas, information, directions, and issues?</p> <p>Do you make use of your accumulated experiences to understand, reason, and interpret the relevant events and opportunities?</p> <p>Do you try to blend differences to reach to satisficing meanings</p> <p>Do you have in place some general directions that can guide ways to act or respond to the market?</p>
Occurrence of an opportunity, event, trigger, or stimulus	<p>Do you notice relevant events or opportunities that can go together with your current or possibly altered or new directions?</p>
Triggered attention and interest, and aroused emotions	<p>Do the new relevant events, opportunities, signals, or information stimulate interest and attention?</p> <p>Are the new relevant events, opportunities, signals, or information discussed and are stimulating emotions and</p>

	behaviour?
Qualification or reasonable selection of an opportunity	<p>Do you process and analyse the new information and determine the feasibility of the new opportunities at a good enough or due diligent level based on the situation?</p> <p>Do you employ your accumulated learning and experiences to develop and articulate a satisficing selection of direction?</p>
Commitment to the selection with faith, motivation, and driving force	Do you confirm and have a strong enough faith, solidity, internal force, driver, and motivation to commit to the selection and realize it?
<b>Strategic Decision (SD)</b>	
Make a Strategic Decision (SD)	<p>Is the SD that is made and articulated informed by all the on-going strategic thinking and arising opportunities?</p> <p>Is the SD backed by the necessary driving force and power to commit to and realize?</p>
<b>SD Implementation</b>	
Wait for suitable conditions	Are the right circumstances, situation, cost, benefit, risk, timing, and other situational factors considered to start auctioning and realizing the SD?
Mobilize action	Are the key internal and external players and partners participating in the execution of the SD determined, allocated, informed, directed, and motivated?
Formalize	Is the SD clearly and properly formalized in terms of the necessary documentation, records, agreements, contracts, organization structures, and job assignments?
Operate	<p>Are the related functions and departments identified, assigned, and put into production</p> <p>Are the operations properly planed, scheduled, directed, managed, and lead?</p> <p>Are the related partners and parties clearly and actively communicating, interacting, discussing, and resolving issues?</p> <p>Are the related partners and parties actively learning, experiencing, responding, and adjusting to changes in the environment?</p>
Solve problems and Make decisions	<p>Are the arising formalization and operations problems identified and acted on?</p> <p>Are the accumulated experiences employed to deal with the problems?</p> <p>Are operational decisions made and executed to fix the problems?</p>



Results and feedbacks	<p>Are you open to learn from the ongoing experiences and results?</p> <p>Are the accumulated experiences actually used and utilized to enhance your understanding of the operations and environment and help improve the decision making and execution process?</p>
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